

INTERNATIONAL PAPER CO /NEW/
Form DEF 14A
April 05, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

International Paper Company

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- 1) Amount previously paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

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April 2018

Dear Shareowner:

We invite you to join us for our 2018 Annual Meeting of Shareowners on May 7 in Memphis, Tennessee. Whether or not you plan to attend, please review the enclosed materials and vote your shares. Within this **Proxy Statement**, we have included a summary that highlights policy updates and provides an overview of key performance metrics.

Also enclosed is a copy of the International Paper **2017 Annual Performance Review**, which highlights our key accomplishments. Last year, we continued to create long-term value for our shareowners, achieving above cost-of-capital returns for the eighth consecutive year, generating strong cash flow, and increasing our annual dividend for the sixth consecutive year.

Our global businesses generated a year of strong performance in 2017, including double-digit percentage earnings growth. Our commercial teams performed well, our Global Cellulose Fibers business exceeded its target for integration synergies, and cash dividends from our Ilim joint venture were significant. We also completed the transfer of our North American Consumer Packaging business to Graphic Packaging, taking a significant ownership interest in the Graphic Packaging subsidiary that holds the assets of the combined businesses.

The guidance and leadership of International Paper's Board of Directors is key to our successes. In 2017, we honored **William G. Walter** and **Stacey J. Mobley** who retired from our board after more than two decades of combined service; we thank them for their guidance and many contributions. We also thank **John L. Townsend, III**, who will not be standing for reelection due to his many other philanthropic and public service commitments, for his 12 years of service to the company as a director and previous chair of several board committees. During the year, we welcomed four new board members with diverse experiences and perspectives: **Christopher M. Connor**, **Jacqueline C. Hinman**, **Clinton A. Lewis, Jr.**, and **Dr. Kathryn D. Sullivan**.

Our governance guidelines suggest that the presiding director position should be rotated periodically. In October, the board elected **Ilene S. Gordon** as its new independent presiding director, effective January 2018. In this role, Ilene will provide strong independent leadership in the boardroom. We wish to thank **J. Steven Whisler**, who served as independent presiding director for several years.

On behalf of the Board of Directors and our 52,000 colleagues around the world, thank you for your support as we continue to pursue our vision of being among the most successful, sustainable and responsible companies in the world.

Sincerely,

Mark S. Sutton

Mark S. Sutton
*Chairman and Chief
Executive Officer*

*Pursuing our vision to be
among the most
SUCCESSFUL,
SUSTAINABLE and
RESPONSIBLE
companies in the world*

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Notice of Annual Meeting of Shareowners

To the Owners of Common Stock of International Paper Company:

Date and Time

Monday, May 7, 2018, at 11:00 a.m. CDT

Place

International Paper Company Headquarters Tower IV, 1740 International Drive Memphis, Tennessee 38119

Items of Business

ITEM 1 Elect the 12 nominees named in the attached proxy statement as directors for a one-year term.

ITEM 2 Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2018.

ITEM 3 Vote on a non-binding resolution to approve the compensation of our named executive officers, as disclosed under the heading "Compensation Discussion & Analysis."

ITEM 4 Vote on a shareowner proposal concerning special shareowner meetings, if properly presented at the meeting. Consider any other business properly brought before the meeting.

Record Date

March 13, 2018. Holders of record of International Paper common stock, par value \$1.00 per share, at the close of business on that date, are entitled to vote at the meeting.

By order of the Board of Directors,

Sharon R. Ryan

*Senior Vice President, General Counsel
and Corporate Secretary*

April 5, 2018

Your vote is important

Vote by
telephone

If you choose to vote by telephone, you may call the toll-free number on your proxy card. You will need to have the 16-digit control number printed on your proxy card.

Vote on the
Internet

If you choose to vote via the Internet, follow the instructions for accessing the website on your proxy card. You will need to have the 16-digit control number printed on your proxy card.

Vote by
mail

If you choose to vote by mail, simply mark, sign and date your proxy card and return it in the postage-paid envelope that was included with the proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be Held on May 7, 2018:

This proxy statement, a form of proxy and our annual report are available for viewing and printing at the following website: materials.proxyvote.com/460146

Table of Contents**Proxy Summary**

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, and you should read the entire proxy statement before voting.

Meeting Agenda and Voting Recommendations

There are no other nominees competing for seats on the Board. Under our Amended and Restated Certificate of Incorporation, directors in non-contested elections are elected by an affirmative **majority of votes cast**. You can vote “for” or “against” a nominee, or you may “abstain” from voting with respect to a nominee. “Abstentions” and broker non-votes will have no effect on the vote.

ITEM 1**Company Proposal to Elect 12 Directors**

See page 15 for further information.

Our Board of Directors unanimously recommends that you vote FOR each of the nominees.

Director Nominees

All nominees are currently directors of International Paper. The following table lists the names, primary occupations, and ages of the nominees as of the date of the Annual Meeting, the year each first became a director of International Paper, and the Board committees on which they serve.

Name	Primary Occupation	Age	Director Since	Board Committees			
				Independent	A&F	GOV	MDCC PP&E
David J. Bronczek	President and Chief Operating Officer, FedEx Corporation	63	2006				
William J. Burns	President, Carnegie Endowment for International Peace	61	2015				
NEW Christopher M. Connor	Retired Chairman and Chief Executive Officer, The Sherwin-Williams Company	62	2017				
Ahmet C. Dorduncu	Chief Executive Officer, Akkök Group	64	2011				
Ilene S. Gordon <i>Presiding Director</i>	Executive Chairman, Ingredion Incorporated	64	2012				
NEW Jacqueline C. Hinman	Retired Chairman, President and Chief Executive Officer, CH2M HILL Companies, Ltd.,	56	2017				
Jay L. Johnson	Retired Chairman and Chief Executive Officer, General Dynamics Corporation	71	2013				
NEW Clinton A. Lewis, Jr.	Executive Vice President and Group President, International Operations, Commercial Development, Genetics and PHARMAQ, Zoetis Inc.	51	2017				
NEW Kathryn D. Sullivan	Ambassador-at-Large, Smithsonian National Air & Space Museum	66	2017				

Mark S. Sutton	Chairman and Chief Executive Officer, International Paper	56	2014
J. Steven Whisler	Retired Chairman and Chief Executive Officer, Phelps Dodge Corporation	63	2007
Ray G. Young	Executive Vice President and Chief Financial Officer, Archer-Daniels-Midland Company	56	2014

A&F = Audit & Finance
GOV = Governance

MDCC = Management Development and Compensation
PP&E = Public Policy and Environment

= Member
= Committee Chair

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Proxy Summary Meeting Agenda and Voting Recommendations

BOARD SNAPSHOT

Average Tenure is 4.7 Years

Diversity of Experience and Background

Corporate Governance Highlights

We believe sound corporate governance is critical to achieving business success and serves the best interests of our shareowners. Highlights of our commitment to sound governance practices include:

Shareholder Rights	Majority voting for directors, with a director resignation policy Shareholder right to call special meetings Shareholder right to act by written consent Shareholder right to proxy access
Board Independence	11 of 12 director nominees are independent Robust independent Presiding Director role Executive sessions without management present at every in-person Board meeting Focus on Board composition and refreshment
Other Governance Practices	Strong anti-hedging and anti-pledging stock trading provisions Annual Board and committee self-evaluations Strong stock ownership requirements

ITEM 2

Company Proposal to Ratify Deloitte & Touche LLP as the Company's Independent Registered Public Accounting Firm for 2018

Our Board of Directors has ratified the selection of Deloitte & Touche LLP ("Deloitte & Touche") by our Audit and Finance Committee to serve as the Company's independent registered public accounting firm for 2018. We are asking shareowners to ratify the selection of Deloitte & Touche. To ratify the selection of our independent registered public accounting firm, the affirmative vote of a **majority of a quorum at the annual meeting** is required.

See page 16 for further information.

Our Board of Directors unanimously recommends that you vote FOR the ratification of Deloitte & Touche as the Company's independent registered public accounting firm for 2018.

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Proxy Summary Meeting Agenda and Voting Recommendations

ITEM 3

Company Proposal to Vote on a Non-Binding Resolution to Approve the Compensation of Our Named Executive Officers

Our Board of Directors is seeking your approval of the compensation of our Named Executive Officers (“NEOs”), as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including in the Compensation Discussion & Analysis, related compensation tables and narrative disclosure. This vote is non-binding. To approve this proposal, the affirmative vote of a **majority of a quorum at the annual meeting** is required.

See page 17 for further information.

Our Board of Directors unanimously recommends that you vote FOR the approval of the compensation of our NEOs as disclosed pursuant to Item 402 of Regulation S-K under the Exchange Act.

2017 Financial Performance Highlights

ROIC

8th consecutive year of Adjusted Return on Invested Capital ("ROIC") above cost of capital

Earnings Growth

Double-digit percentage increase in earnings

Dividend

6th consecutive year of dividend increase

Consumer Packaging Transaction

Creation of and significant investment in leading integrated paper-based packaging company

Executive Compensation Philosophy and 2017 Compensation Mix

We reward achievement of specific goals that improve our financial performance and drive strategic initiatives to ensure sustainable long-term profitability.

We believe a significant portion of an executive's compensation should be specifically tied to performance—both Company performance and individual performance.

CEO

www.internationalpaper.com

Other Active NEOs

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Proxy Summary Meeting Agenda and Voting Recommendations

2017 Executive Compensation Highlights

Strong pay-for-performance correlation

Robust compensation governance practices

Long-Term Incentive (LTI) plan based solely on three-year Company Performance no individual modifier

NEOs received same performance achievement in Short-Term Incentive (STI) plan based solely on Company performance

Redesigned STI and LTI plans for 2018, which ensures continued alignment with our business strategy and further strengthens long-term shareowner value

2017 outcome under STI plan resulted in awards of 103.7% of target

2015-2017 awards under LTI plan vested at 72.5% of target

Our 2017 CEO to Median Employee Pay Ratio was 230:1

ITEM 4

**Shareowner Proposal
Concerning Special
Shareowner Meetings**

The shareowner proposal will be approved if a **majority of a quorum at the annual meeting** is voted “for” the proposal. You may vote “for” or “against” the shareowner proposal, or you may “abstain” from voting. “Abstentions” will have the same effect as a vote against this shareowner proposal, because they are considered votes present for purposes of a quorum. If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to vote with respect to Item 4. Broker non-votes will have the same effect as a vote against this proposal.

See page 18 for further information.

Our Board of Directors unanimously recommends that you vote AGAINST this proposal.

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PROXY STATEMENT

2018 Annual Meeting of Shareowners

Information About Annual Meeting

This proxy statement is furnished in connection with the solicitation of proxies by International Paper Company on behalf of the Board of Directors for the 2018 Annual Meeting of Shareowners. Distribution of this proxy statement and proxy form is scheduled to begin on or about April 5, 2018.

The 2018 annual meeting will be held on Monday, May 7, 2018, at 11:00 a.m. CDT at International Paper Company Headquarters, Tower IV, located at 1740 International Drive in Memphis, Tennessee, 38119.

At the 2018 annual meeting, shareowners will vote on the following matters, as well as any other business properly brought before the meeting:

Item One: Elect the 12 nominees named in this proxy statement as directors for a one-year term. The Board recommends a vote **FOR** each of the nominees.

Item Two: Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2018. The Board recommends a vote **FOR** this proposal.

Item Three: Vote on a non-binding resolution to approve the compensation of our named executive officers, as disclosed under the heading Compensation Discussion & Analysis. The Board recommends a vote **FOR** this proposal.

Item Four: Vote on a shareowner proposal concerning special shareowners meetings, if properly presented at the meeting. The Board recommends a vote **AGAINST** this proposal.

Information about these items may be found beginning on page 15 of this proxy statement.

Shareowners of record of International Paper common stock at the close of business on March 13, 2018, the record date, or their duly authorized proxy holders, are entitled to vote on each matter submitted to a vote at the 2018 annual meeting and at any adjournment or postponement of the annual meeting. There were 414,093,576 common shares outstanding on March 13, 2018. Each common share is entitled to one vote on each matter to be voted on at the 2018 annual meeting.

A list of shareowners as of the record date will be available for inspection and review upon request of any shareowner to the Corporate Secretary at the address on page 13 of this proxy statement. We will also make the list available at the annual meeting.

Your vote is important

Vote by telephone If you choose to vote by telephone, you may call the toll-free number on your proxy card. You will need to have the 16-digit control number printed on your proxy card.

Vote on the Internet If you choose to vote via the Internet, follow the instructions for accessing the website on your proxy card. You will need to have the 16-digit control number printed on your proxy card.

Vote by mail If you choose to vote by mail, simply mark, sign and date your proxy card and return it in the postage-paid envelope that was included with the proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Shareowner Meeting to be Held on May 7, 2018:

This proxy statement, a form of proxy and our annual report are available for viewing and printing at the following website: materials.proxyvote.com/460146

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[Information About Annual Meeting](#) [Voting Procedures and Annual Meeting Attendance](#)

[Voting Procedures and Annual Meeting Attendance](#)

[How many votes must be present to hold the annual meeting?](#)

Holders of International Paper common stock, present in person or represented by proxy, representing one-third of the number of votes entitled to be cast upon any proposal to be considered at the meeting (at least 138,031,192 votes) are required to hold the 2018 annual meeting. If you properly vote on any proposal, your shares will be included in the number of shares to establish a quorum for the annual meeting. Shares held of record and represented by proxy cards marked *abstain*, or returned without voting instructions, will be counted as present for the purpose of determining whether the quorum for the annual meeting is satisfied. In addition, if you hold shares through a bank or brokerage account, your shares will be counted as present for the purpose of determining whether the quorum for the annual meeting is satisfied, even if you do not provide voting instructions to your bank or brokerage firm.

We urge you to vote by proxy even if you plan to attend the meeting. That will help us know as soon as possible that we have enough votes to hold the meeting. Returning your proxy card will not affect your right to revoke your proxy or to attend the 2018 annual meeting and vote in person.

[How do I vote my shares?](#)

You may vote at the annual meeting by proxy or in person.

If you are a *holder of record* (that is, if your shares are registered in your own name with our transfer agent), you have several options. You may vote by telephone, on the Internet or by attending the meeting and voting in person. In addition, you may vote by mail using the enclosed proxy card.

If you hold your shares in *street name* (that is, if you hold your shares through a broker, bank or other holder of record), you have the right to direct your bank or broker how to vote your shares. If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares with respect to routine items, but it will not be permitted to vote your shares with respect to non-routine items. In the case of a non-routine item, your shares will be considered broker non-votes on that proposal. If you want to vote in person at the annual meeting, you must obtain and bring a power of attorney or proxy from your broker, bank or other holder of record authorizing you to vote.

[If I hold shares in the International Paper Company Savings Plan, how do I vote my shares?](#)

If you hold shares in the International Paper Company Savings Plan, you may instruct the trustee, State Street Bank and Trust Company, to vote your shares in the Company Stock Fund by returning the proxy/voting instruction card included with this mailing or by providing voting instructions by telephone or on the Internet as explained on the voting instruction card. If you do not return the proxy/voting instruction card or provide voting instructions, or if your instructions are unclear or incomplete, the trustee will vote your shares at its discretion.

[How do I attend the annual meeting?](#)

All shareowners as of the record date, March 13, 2018, or their duly authorized proxy holders, are welcome to attend the annual meeting. If you are voting by mail, by telephone or via the Internet, but still wish to attend the meeting, follow the instructions on your proxy card or via the Internet (www.proxyvote.com) to tell us that you plan to attend. You will be asked for photo identification in order to be admitted.

If you hold your shares in street name and you decide to attend, you must bring to the annual meeting a copy of your bank or brokerage statement evidencing your ownership of International Paper common stock as of the record date.

Shareowners must bring proof of ownership and valid photo identification in order to be admitted to the meeting.

[What happens if the annual meeting is postponed or adjourned?](#)

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Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

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[Information About Annual Meeting Voting Procedures and Annual Meeting Attendance](#)

[Can I change or revoke my proxy?](#)

Yes, you may change your vote or revoke your proxy at any time at or before the annual meeting. If you are a holder of record, you may change your vote or revoke your proxy through any of the following means:

by casting a new vote by telephone or on the Internet prior to the annual meeting, or by properly completing and signing another proxy card with a later date and returning the proxy card prior to the annual meeting;
giving written revocation to our Corporate Secretary prior to the annual meeting directed to the address on page 13 of this proxy statement, or at the meeting; or
voting in person at the annual meeting.

You must obtain a ballot and vote at the annual meeting to revoke your proxy.

If you hold your shares in street name, you may change your voting instructions by contacting your broker, bank or other holder of record prior to the annual meeting or by voting in person at the annual meeting pursuant to a power of attorney or proxy from your bank or broker.

[What if I do not indicate my vote for one or more of the matters on my proxy card?](#)

If you are a registered shareowner and you return a signed proxy card without indicating your vote, your shares will be voted as follows:

for the Company's proposal to elect the 12 nominees named in this proxy statement to the Company's Board of Directors in Item 1;
for the Company's proposal to ratify the appointment of the Company's independent registered public accounting firm for 2018 in Item 2;
for the Company's proposal to approve the compensation of our named executive officers in Item 3; and
against the shareowner proposal concerning special shareowner meetings in Item 4.

If you are a registered shareowner and you do not return a proxy card or vote at the annual meeting, your shares will not be voted and will not count toward the quorum requirement to hold the annual meeting.

If your shares are held in street name and you do not give your bank or broker instructions on how to vote, your shares will be counted toward the quorum requirement for the annual meeting. The failure to instruct your bank or broker how to vote will have one of three effects on the proposals for consideration at the annual meeting, depending upon the type of proposal. For all voting items, other than Item 2 to ratify our independent registered public accounting firm for 2018, absent instructions from you, the bank or broker may not vote your shares at all and your shares will be considered broker non-votes. For Item 2, however, the broker may vote your shares at its discretion. For Item 1, a broker non-vote will have no effect on the outcome of the proposal. For Items 3 and 4, a broker non-vote will have the same effect as a vote against the proposal.

If you hold shares in the International Paper Company Savings Plan and you do not provide voting instructions, the trustee will vote your shares at its discretion.

[Will my vote be confidential?](#)

Yes. Your vote is confidential and will not be disclosed to our directors or employees, unless in accordance with law.

[Will our directors attend the annual meeting?](#)

Yes. The Company's **Corporate Governance Guidelines** state that directors are expected to attend our annual meeting.

[Who will be soliciting proxies on our behalf?](#)

The Company pays the cost of preparing proxy materials and soliciting your vote. Proxies may be solicited on our behalf by our directors, officers or employees by telephone, electronic or facsimile transmission or in person, without compensation. We have hired Alliance Advisors, LLC to solicit proxies for an estimated fee of approximately \$25,000, plus expenses.

What is householding?

We have adopted householding, a procedure by which shareowners of record who have the same address and last name and do not receive proxy materials electronically will receive only one copy of our annual report and proxy statement unless one or more of these shareowners notifies us that they wish to continue receiving individual copies. This procedure saves us printing and mailing costs. Shareowners will continue to receive separate proxy cards.

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[Information About Annual Meeting](#) [Communicating with the Board](#)

We will deliver promptly, upon written or oral request, a separate copy of this proxy statement and our 2017 annual report to a shareowner at a shared address to which a single copy of the documents was delivered. To request separate copies of our proxy statements or annual reports, either now or in the future, please send your written request to **Investor Relations, International Paper, 6400 Poplar Avenue, Memphis, TN 38197, or call (866) 540-7095**. You may also submit your request on our website, www.internationalpaper.com, under the **Investors** tab at the top of the page and then under the **Financial Requests** link.

[How do I change future proxy delivery options?](#)

If you hold your shares in street name and wish to receive separate copies of future annual reports and proxy statements or if you currently receive multiple copies of our annual report and proxy statement and would like to receive a single copy, please send your written request to:

Broadridge Financial Solutions, Inc.

Householding Dept.
51 Mercedes Way
Edgewood, NY 11717
or call (800) 542-1061

[Communicating with the Board](#)

[How do I communicate with the Board?](#)

You may communicate with our entire Board, the Chairman, the independent directors as a group, the Presiding Director, or any one of the directors by writing to Ms. Sharon R. Ryan, Senior Vice President, General Counsel, and Corporate Secretary, at the address set forth below. Ms. Ryan will forward all communications relating to International Paper's interests, other than business solicitations, advertisements, job inquiries or similar communications, directly to the appropriate director(s).

In addition, as described in detail under [Board Oversight of the Company](#), our Global Ethics and Compliance office has a **HelpLine** that is available 24 hours a day, seven days a week, to receive calls, e-mails, and letters to report a concern or complaint, anonymous or otherwise.

Direct all Board correspondence to:

*Corporate Secretary
International Paper
6400 Poplar Avenue
Memphis, TN 38197*

Allegations of impropriety relating to our accounting, internal controls or other financial or audit matters are immediately forwarded to the chair of our Audit and Finance Committee. Such matters are investigated and responded to in accordance with the procedures established by our Audit and Finance Committee.

[What is the deadline for consideration of shareowner proposals for the 2019 Annual Meeting of Shareowners?](#)

A shareowner who wishes to submit a shareowner proposal to be included in the proxy statement for the 2019 Annual Meeting of Shareowners must send the proposal to the Corporate Secretary at the address to the left. We must receive the proposal in writing on or before December 6, 2018, and the proposal must comply with SEC rules, including Rule 14a-8.

[Does the Board consider director nominees recommended by shareowners?](#)

Yes. The Governance Committee of the Board will review shareowner recommendations of possible nominees. Shareowner recommendations should be submitted in writing to the Corporate Secretary at the address to the left and should include a

statement regarding the qualifications and experience of the proposed nominee. Our By-Laws require that we receive such nominations no earlier than January 7, 2019, and no later than February 6, 2019, and any such nomination must include the information set forth in the By-Laws and SEC rules.

Can shareowners include their director nominees in the Company's proxy statement?

Yes. In 2016, the Company proactively amended its By-Laws to allow proxy access as many of our shareowners consider proxy access a fundamental right. The proxy access By-Law permits a shareowner, or a group of up

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Information About Annual Meeting [Communicating with the Board](#)

to 20 shareowners, owning 3 percent or more of the Company's outstanding common stock continuously for three years, to nominate and include in the Company's proxy materials director nominees constituting up to two individuals or 20 percent of the Board (whichever is greater); provided that shareowners and nominees meet the additional requirements set forth in the By-Laws. If a shareowner(s) wishes to include a director nominee(s) in the Company's proxy materials, we must receive the notice to nominate the director(s) using the Company's proxy materials no earlier than November 6, 2018, and no later than December 6, 2018. The notice must contain the information required by our By-Laws, and the shareowner(s) and nominee(s) must comply with the additional requirements in our By-Laws.

[Can I raise other business at the 2019 Annual Shareowner Meeting?](#)

Yes. Our By-Laws require that we receive written notice of such other business no earlier than January 7, 2019, and no later than February 6, 2019, and any such notice must include the information set forth in the By-Laws and SEC rules.

*Our By-Laws are available at www.internationalpaper.com, under the **Company** tab at the top of the page followed by the **Leadership** link and then the **Governance** link. A paper copy is available at no cost by written request to the Corporate Secretary.*

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Matters to be Acted upon at the 2018 Annual Meeting

ITEM 1

**Company Proposal to Elect 12 Directors
Our Board of Directors unanimously recommends that you vote FOR each of the nominees.**

There are no other nominees competing for seats on the Board. Under our Amended and Restated Certificate of Incorporation, directors in non-contested elections are elected by an affirmative **majority of votes cast**. You can vote for or against a nominee, or you may abstain from voting with respect to a nominee. Abstentions and broker non-votes will have no effect on the vote.

The Board of Directors currently consists of 13 members. John L. Townsend, III is retiring as a director immediately before this annual meeting and is not standing for reelection. Because Mr. Townsend is not standing for reelection, the Board intends to reduce its size to 12 directors immediately following the annual meeting. Each of the other 12 current directors has been nominated by the Board for re-election by shareowners at the annual meeting. Information about these nominees may be found in the "Board of Directors" section of this proxy statement. All 12 nominees, if elected, will hold office until the earlier of:

- (i) our 2019 annual meeting and the date a qualified successor has been elected, or
- (ii) death, resignation or retirement.

There are no other nominees competing for seats on the Board. Under our Amended and Restated Certificate of Incorporation, directors in non-contested elections are elected by an affirmative **majority of votes cast**. You can vote for or against a nominee, or you may abstain from voting with respect to a nominee. Abstentions and broker non-votes will have no effect on the vote.

Majority vote for directors:

Each director must receive a majority of votes cast for his or her election.

If a director does not receive a majority of votes cast for his or her election, he or she must submit a letter of resignation, and the Board, through its Governance Committee, will decide whether to accept the resignation.

We do not know of any reason why any nominee would be unable to, or for good cause would not, serve as a director if elected. If, prior to the election, a nominee is unable or unwilling to serve, the shares represented by all valid proxies will be voted for the election of such other person as the Board may nominate, or the Board may reduce its size.

Our Board of Directors unanimously recommends that you vote FOR each of the following nominees:

David J. Bronczek
William J. Burns
Christopher M. Connor
Ahmet C. Dorduncu
Ilene S. Gordon
Jacqueline C. Hinman

Jay L. Johnson
Clinton A. Lewis, Jr.
Kathryn D. Sullivan
Mark S. Sutton
J. Steven Whisler
Ray G. Young

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Matters to be Acted upon at the 2018 Annual Meeting *Company Proposals*

Our Board of Directors has ratified the selection of Deloitte & Touche LLP (Deloitte & Touche) by our Audit and Finance Committee to serve as the Company s independent registered public accounting firm for 2018. We are asking shareowners to ratify the selection of Deloitte & Touche. To ratify the selection of our independent registered public accounting firm, the affirmative vote of a **majority of a quorum at the annual meeting** is required.

ITEM 2

Company Proposal to Ratify Deloitte & Touche LLP as the Company s Independent Registered Public Accounting Firm for 2018

Our Board of Directors unanimously recommends that you vote FOR the ratification of Deloitte & Touche as the Company s independent registered public accounting firm for 2018.

Our Board of Directors has ratified the selection of Deloitte & Touche by our Audit and Finance Committee to serve as the Company s independent registered public accounting firm for 2018. We are asking shareowners to ratify the selection of Deloitte & Touche. To ratify the selection of our independent registered public accounting firm, the affirmative vote of a **majority of a quorum at the annual meeting** is required. You may vote *for* or *against* the ratification of the selection of our independent registered public accounting firm, or you may *abstain* from voting. *Abstentions* will have the same effect as a vote against this proposal because they are considered votes present for purposes of a quorum on the vote.

There will be no broker non-votes associated with this proposal, as the ratification of our independent registered public accounting firm is a routine matter. As a result, if your shares are held in street name and you do not give your bank or broker instructions on how to vote, your shares will be voted by the broker in its discretion.

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Although ratification is not required by our By-Laws or otherwise, the Board is submitting the selection of Deloitte & Touche to our shareowners for ratification because we value our shareowners' views on the Company's independent registered public accounting firm. Our Audit and Finance Committee will consider the outcome of this vote in its decision to appoint an independent registered public accounting firm, but is not bound by the shareowners' vote. Even if the selection of Deloitte & Touche is ratified, the Audit and Finance Committee may change the appointment at any time during the year if it determines that a change would be in the best interests of the Company and its shareowners.

Our Board of Directors unanimously recommends that you vote FOR the ratification of Deloitte & Touche as the Company's independent registered public accounting firm for 2018.

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Matters to be Acted upon at the 2018 Annual Meeting *Company Proposals*

ITEM 3

Company Proposal to Vote on a Non-Binding Resolution to Approve the Compensation of Our Named Executive Officers

Our Board of Directors is seeking your approval of the compensation of our Named Executive Officers (NEOs), as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K under the Securities Exchange Act of 1934, as amended (the Exchange Act), including in the Compensation Discussion & Analysis, related compensation tables and narrative disclosure. This vote is non-binding. To approve this proposal, the affirmative vote of a **majority of a quorum at the annual meeting** is required.

Our Board of Directors unanimously recommends that you vote FOR the approval of the compensation of our NEOs as disclosed pursuant to Item 402 of Regulation S-K under the Exchange Act.

Our Board of Directors is seeking your approval of the compensation of our NEOs as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K under the Exchange Act, including in the Compensation Discussion & Analysis, related compensation tables and narrative disclosure. This vote is being provided as required pursuant to Section 14A of the Exchange Act and is non-binding. To approve this proposal, the affirmative vote of a **majority of a quorum at the annual meeting** is required.

You may vote *for* or *against* this proposal, or you may *abstain* from voting. *Abstentions* will have the same effect as a vote against

this proposal because they are considered votes present for purposes of a quorum on the vote.

If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to vote with respect to Item 3. Broker non-votes will have the same effect as a vote against this proposal.

Our Board seeks your approval of the compensation of our NEOs, who are listed in the Summary Compensation Table of this proxy statement. Information describing the compensation of our NEOs is provided in the Compensation Discussion & Analysis section, the accompanying tables and narrative contained in this proxy statement.

Our Board asks shareowners to approve the following (non-binding) advisory resolution:

Resolved, that the compensation paid to the Company's Named Executive Officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K under the Exchange Act, including in the Compensation Discussion & Analysis, the related compensation tables and narrative disclosure, is hereby approved.

Our Board of Directors unanimously recommends that you vote FOR the approval of the compensation of our Named Executive Officers as disclosed pursuant to Item 402 of Regulation S-K under the Exchange Act.

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Matters to be Acted upon at the 2018 Annual Meeting *Position of Your Company's Board of Directors*

ITEM 4

The shareowner proposal will be approved if a **majority of a quorum at the annual meeting** is voted "for" the proposal. You may vote "for" or "against" the shareowner proposal, or you may "abstain" from voting. "Abstentions" will have the same effect as a vote against this shareowner proposal, because they are considered votes present for purposes of a quorum. If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to vote with respect to Item 4. Broker non-votes will have the same effect as a vote against this proposal.

**Shareowner Proposal
Concerning Special Shareowner
Meetings**

Our Board of Directors unanimously recommends that you vote AGAINST this proposal.

We expect the following shareowner proposal to be presented at the annual meeting. Upon request, we will promptly provide any shareowner with the name, address and number of shares held by the shareowner making this proposal. The Company is not responsible for the contents of this shareowner proposal or any supporting statement.

The shareowner proposal will be approved if a **majority of a quorum at the annual meeting** is voted "for" the proposal. You may vote "for" or "against" the shareowner proposal, or you may "abstain" from voting. "Abstentions" will have the same effect as a vote against this shareowner proposal, because they are considered votes present for purposes of a quorum. If you hold your shares in street name, your failure to indicate voting instructions to your bank or broker will cause your shares to be considered broker non-votes not entitled to vote with respect to Item 4. Broker non-votes will have the same effect as a vote against this proposal.

"Proposal 4 — Special Shareholder Meeting Improvement

Resolved, Shareowners ask our board to take the steps necessary (unilaterally if possible) to amend our bylaws and each appropriate governing document to give holders in the aggregate of 10% of our outstanding common stock the power to call a special shareowner meeting (or the closest percentage to 10% according to state law). This proposal does not impact our board's current power to call a special meeting.

Special meetings allow shareowners to vote on important matters, such as electing new directors that can arise between annual meetings. This proposal topic won more than 70% - support at Edwards Lifesciences and SunEdison in 2013.

A shareholder right to call a special meeting and to act by written consent are 2 complimentary ways to bring an important matter to the attention of both management and shareholders outside the annual meeting cycle such as the election of directors. More than 100 Fortune 500 companies provide for shareholders to call special meetings and to act by written consent.

Scores of Fortune 500 companies allow a more practical percentage of shares to call a special meeting compared to the higher entrenchment requirement of International Paper. IP shareholders currently do not have the full right to call a special meeting that is available under state law.

International Paper shareholders earlier gave strong 53% support to the complimentary shareholder written consent right proposal (sponsored by William Steiner) that led to adoption of written consent by International Paper.

Please vote to increase management accountability to shareholders:

Special Shareholder Meeting Improvement — Proposal 4"

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Matters to be Acted upon at the 2018 Annual Meeting Position of Your Company's Board of Directors

The Board has considered this proposal and believes that its adoption would not be in the best interest of the Company or our shareowners in light of our corporate governance practices and the current right of shareholders to call a special meeting.

We amended our By-Laws on May 10, 2010, to permit shareowners owning 20% of the Company's outstanding stock to call a special shareowner meeting upon written request to the Board. The Board proposed this amendment after a review of best practices in corporate governance and shareowner interest in the matter, including a shareowner proposal requesting that our By-Laws be changed to allow 10% of the shareowners the right to call special meetings. The amendment was overwhelmingly approved by an affirmative vote of 99% of our shareowners.

The Company has a demonstrated commitment to best practices in corporate governance and accountability to our shareowners, which makes adoption of the proposal unnecessary. Our Board regularly reviews corporate governance trends and evaluates how best to apply these practices to the Company. In recommending that our shareowners vote against this proposal, the Board believes that it is important to consider not only the fact that the Company already provides its shareowners with a meaningful special meeting right, but also the Company's current governance practices. All of our directors must be annually elected by majority vote. In addition to providing shareowners with rights to call special meetings, we also permit shareowners with a meaningful ability to act by written consent and recently adopted proxy access, giving shareowners multiple avenues to hold our board accountable. Our board continually focuses on its composition and evaluates the skills and qualifications of existing directors and the diversity of their background and experience with the desire for board refreshment, resulting in an average board tenure around 5 years. The Board and Governance Committee also contemplate multiple dynamics that promote and advance diversity among the members of our Board. We actively conduct shareowner engagement for feedback and have been responsive to shareowner concerns.

We believe the existing shareowner right to call a special meeting strikes the right balance. Convening a meeting of shareowners imposes significant costs. The Company must prepare required disclosures, print and distribute materials, solicit proxies and tabulate votes. The Board and management must devote time to preparing for and conducting the meeting, distracting them from managing the business and enhancing returns for all shareowners. Because special meetings require a considerable diversion of resources, they should be limited to circumstances where a substantial number of shareowners believe a matter is sufficiently urgent or extraordinary that it must be addressed between annual meetings. The Company's current 20% ownership threshold allows for a reasonable number of shareowners to call a special meeting and thereby impose these costs on all shareowners.

The Company's existing governance practices and structure and the right that shareowners already have to call special meetings both enhances shareowner rights and protects against the risk that a small minority of shareowners could detrimentally impact a majority of our shareowners. Therefore, we believe the adoption of this proposal is unnecessary and not in the best interests of the Company or its shareowners.

For these reasons, we recommend that you vote against this proposal.

Our Board of Directors unanimously recommends that you vote AGAINST this proposal.

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Board of Directors
Directors Standing for Election — Term Expiring in 2019

The following 12 individuals are nominated for election at the 2018 annual meeting. Each of these nominees is standing for election to serve a term that will expire in 2019. In addition to biographical information for each director nominee, we describe the specific experience, qualifications, attributes or skills that led our Board to conclude such person should serve as a director in light of the Company’s business.

David J. Bronczek

Independent

Age: 63
 Director since: 2006

- Committees:
- Public Policy and Environment (Chair)
 - Management Development and Compensation

Biography

President and chief operating officer of FedEx Corporation, a global provider of transportation, e-commerce and business services, since February 2017. Mr. Bronczek served as president and chief executive officer of FedEx Express, the world’s largest express transportation company and a subsidiary of FedEx Corporation, from 2000 to February 2017. Mr. Bronczek began his career with FedEx in 1976 and, prior to being named president, served as executive vice president and chief operating officer of FedEx Express. A native of Cleveland, Ohio, Mr. Bronczek graduated from Kent State University. Mr. Bronczek was appointed by former President George W. Bush to the National Infrastructure Advisory Council. He is a member of the Board of Governors of the International Air Transport Association (IATA); a board member for Airlines for America; a member of the Board of Governors for National Safe Kids Campaign; and a board member for the Smithsonian’s National Air and Space Museum. He is also a member of Memphis Tomorrow.

Board Qualifications

As president and COO of FedEx Corporation and former CEO of its subsidiary FedEx Express, Mr. Bronczek brings critical business insight to a large, diversified company with international operations. Mr. Bronczek has served in many capacities at FedEx Corporation, beginning his career in operations in 1976. His experience includes serving as senior vice president of Europe, the Middle East and Africa (EMEA), which is a region of strategic importance to International Paper.

Key Skills & Experience

Current COO	Strategic Planning
International Operations	Supply Chain
Finance, Accounting	Technology
Environment, Sustainability,	Marketing
Public Policy	

William J. Burns

Independent

Age: 61
 Director since: 2015

- Committees:
- Governance
 - Public Policy and Environment

Biography

President of the Carnegie Endowment for International Peace, the oldest international affairs think tank in the United States, since February 2015. He served in the U.S. Department of State as Deputy Secretary of State from July 2011 to November 2014, as Under Secretary for Political Affairs from 2008 to July 2011, and as Ambassador to Russia from 2005 to 2008, among many other posts during his 33 years in the Foreign Service.

Board Qualifications

Ambassador Burns' service as Deputy Secretary of State in the U.S. State Department, Under Secretary for Political Affairs and Ambassador to Russia, as well as numerous other posts during his 33 years in the Foreign Service, brings a unique and valuable perspective to the Board. His extensive public policy experience, both domestic and international, is valuable particularly in considering a broad range of strategic and tactical business matters. His current position as president of the Carnegie Endowment for International Peace, the oldest international affairs think tank, further strengthens his international management and public policy expertise.

Key Skills & Experience

Environment, Sustainability,
Public Policy
International Operations

Strategic Planning

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Board of Directors *Directors Standing for Election — Term Expiring in 2019*

Christopher M. Connor

Independent

Age: 62
Director since: 2017

Committees:

- Audit & Finance
- Management Development and Compensation

Biography

Retired as executive chairman of The Sherwin-Williams Company, a global manufacturer of paint, architectural coatings, industrial finishes and associated supplies, in December 2016. Mr. Connor joined The Sherwin-Williams Company in 1983 and served as its chairman and chief executive officer from 2000 to December 2015. Mr. Connor is chairman of the Rock & Roll Hall of Fame in Cleveland, Ohio, and serves on the boards of directors of Eaton Corporation PLC and Yum! Brands, Inc.

Board Qualifications

Having served as CEO and executive chairman of The Sherwin-Williams Company, Mr. Connor brings significant senior management experience and strong financial expertise to the Board. He understands the various issues facing a large, global manufacturing company, including operational, financial and strategic issues. His technical background and long tenure with The Sherwin-Williams Company bring industrial expertise, which further strengthens our Board.

Key Skills & Experience

Former CEO		Environment, Sustainability,
Manufacturing		Public Policy
International Operations		Supply Chain
Finance, Accounting		Technology
Strategic Planning		Marketing

Ahmet C. Dorduncu

Independent

Age: 64
Director since: 2011

Committees:

- Audit & Finance
- Public Policy and Environment

Biography

Chief executive officer of Akkök Group, a financial and industrial conglomerate located in Turkey, since January 2013. Mr. Dorduncu served as chief executive officer of Sabanci Holding, another financial and industrial conglomerate located in Turkey, from 2005 to 2010. He also served from 2006 to 2010 as chairman of the board of Olmuksa, then an industrial packaging business joint venture between Sabanci Holding and International Paper. Sabanci Holding is the parent company of the Sabanci Group, a leading Turkish financial and industrial company.

Board Qualifications

As CEO of Akkök Group and retired chairman and CEO of Sabanci Holding, two leading financial and industrial conglomerates, Mr. Dorduncu brings vast experience in international operations for a non-U.S. manufacturing company. His keen financial literacy also adds to the strength of our Board. His knowledge of regions of key importance to the Company brings even greater perspective to our Board.

Key Skills & Experience

Current CEO		Environment,
Manufacturing		Sustainability,
International Operations		Public Policy

Finance, Accounting
Strategic Planning
Diversity

Supply Chain
Technology
Marketing

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Board of Directors *Directors Standing for Election — Term Expiring in 2019*

Ilene S. Gordon

Independent Presiding Director

Age: 64
Director since: 2012

Committees:

- Governance
- Management Development and Compensation

Biography

Executive chairman of Ingredion Incorporated (formerly Corn Products International, Inc.), a publicly traded global ingredient solutions company, since January 1, 2018. Ms. Gordon served as chairman, president and chief executive officer of Ingredion from May 2009 through December 2017. Ms. Gordon is also a member of the board of directors of Ingredion Incorporated and World Business Chicago, a not-for-profit economic development organization. Ms. Gordon previously served as president and chief executive officer of Rio Tinto’s Alcan Packaging, a multinational company engaged in the production of flexible and specialty packaging, from 2007 until 2009, and in various senior executive roles at Alcan Packaging and its affiliate and predecessor companies from 1999 until 2007. Prior to 1999, Ms. Gordon was employed for 17 years with Tenneco Inc., a conglomerate, in a variety of management positions, including vice president and general manager leading its folding carton business. Ms. Gordon serves on the board of directors of Lockheed Martin Corporation, a publicly traded global security and aerospace company.

Board Qualifications

As the former chairman, CEO and president of Ingredion Incorporated, Ms. Gordon brings senior management expertise and leadership capabilities, as well as broad understanding of the operational, financial and strategic issues facing public companies. Her previous experience at Rio Tinto’s Alcan Packaging includes manufacturing, supply chain and marketing. She has experience with operations overseas, including South America, Asia Pacific and Europe. Ms. Gordon also brings strong financial expertise to our Board.

Key Skills & Experience

Former CEO		Finance, Accounting
Manufacturing		Strategic Planning
International Operations		Supply Chain
Diversity		Technology
Environment, Sustainability,		Marketing
Public Policy		

Jacqueline C. Hinman

Independent

Age: 56
Director since: 2017

Committees:

- Audit & Finance
- Public Policy and Environment

Biography

Served as chairman, president and chief executive officer of CH2M HILL Companies, Ltd., a Fortune 500 engineering and consulting firm focused on delivering infrastructure, energy, environmental and industrial solutions for clients and communities around the world, until December 2017, when the firm was acquired by Jacobs Engineering. Prior to becoming chairman in September 2014 and president and chief executive officer in January 2014, Ms. Hinman served as president of CH2M’s International Division from 2011 until 2014, and she served on CH2M’s board of directors from 2008 through 2017. She recently served on the Executive Committee of the Business Roundtable, chairing its Infrastructure Committee, and is currently a member of the Business Council as well as the board of directors of Catalyst, a leading nonprofit organization accelerating progress for women through workplace inclusion.

Board Qualifications

Having served as chairman, president, and chief executive officer of CH2M HILL Companies, Ms. Hinman brings senior management and leadership capabilities to the Board, as well as particular understanding of global manufacturing companies. Because of her experience in a global engineering consulting business, she has unique knowledge of environmental and sustainability issues globally. Ms. Hinman, in her previous roles at CH2M HILL, also brings international operations and strategic planning expertise to our Board.

Key Skills & Experience

Former CEO		Environment,
Manufacturing		Sustainability,
International Operations		Public Policy
Finance, Accounting		Supply Chain
Strategic Planning		Technology
Diversity		Marketing

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Board of Directors *Directors Standing for Election* Term Expiring in 2019

Jay L. Johnson

Independent

Age: 71

Director since: 2013

Committees:

- Audit & Finance
- Governance (Chair)

Biography

Retired as chairman and chief executive officer of General Dynamics Corporation, a publicly traded manufacturer of worldwide defense, aerospace, and other technology products, in December 2012. He served as its chairman from May 2010 and as its chief executive officer from July 2009. He served on its board of directors from 2003 to December 2012. From 2000 to 2008, he served in various senior executive roles at Dominion Resources Inc., a publicly traded energy company, including as chief executive officer of Dominion Virginia Power. Prior to 2000, he had a distinguished 32-year career in the U.S. Navy. He retired as an admiral in July 2000, after serving as chief of naval operations and as a member of the Joint Chiefs of Staff since 1996. He is a director of Wynn Resorts, Limited, the U.S. Naval Academy Foundation, and The Peregrine Fund. He previously served as a director of the USAA (through August 2017).

Board Qualifications

Having served as chairman and CEO of General Dynamics Corporation and CEO of Dominion Virginia Power, Admiral Johnson is an experienced business leader who brings strong financial expertise and global business acumen to our Board. He also brings strong leadership and management skills as a result of his distinguished 32-year military career. In addition, Admiral Johnson's prior positions as a public company director provide him with a deep understanding of public company governance and other significant issues facing public companies.

Key Skills & Experience

Former CEO	Finance, Accounting
Manufacturing	Strategic Planning
International Operations	Technology
Environment, Sustainability,	Supply Chain
Public Policy	

Clinton A. Lewis, Jr.

Independent

Age: 51

Director since: 2017

Committees:

- Governance
- Public Policy and Environment

Biography

Executive vice president and president of international operations, commercial development, genetics and PHARMAQ at Zoetis Inc., a NYSE-listed global leader in the discovery, development, manufacture and commercialization of animal health medicines and vaccines that was spun off by Pfizer in 2013. Prior to being named to his current role in May 2015, Mr. Lewis served as president of U.S. operations at Zoetis from October 2012 to May 2015 and at Pfizer Animal Health from 2007 to October 2012. He joined Pfizer in 1988, and held positions of increasing responsibility across various commercial operations dedicated to human health prior to joining the animal health organization. He formerly served as chairman of the board for the Animal Health Institute (AHI), an industry trade association in the U.S., and currently serves as treasurer for the International Federation for Animal Health (IFAH), the industry trade association in Europe.

Board Qualifications

As executive vice president and president of international operations, commercial development, genetics and PHARMAQ at Zoetis, Inc., Mr. Lewis brings critical business insight to a large, diversified company with global operations. He brings experience in international operations for a U.S. multinational company manufacturing globally. Mr. Lewis's knowledge and

strategic planning expertise, as well as knowledge of regions of key importance to the Company, bring even greater perspective to our Board.

Key Skills & Experience

Manufacturing

International Operations

Finance, Accounting

Strategic Planning

Diversity

Environment,

Sustainability,

Public Policy

Supply Chain

Technology

Marketing

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Board of Directors *Directors Standing for Election Term Expiring in 2019*

Kathryn D. Sullivan

Independent

Age: 66
Director since: 2017

Committees:

- Governance
- Public Policy and Environment

Biography

Ambassador-at-Large at the Smithsonian National Air and Space Museum, where she served as The Charles A. Lindbergh Fellow of Aerospace History from March 2017 through August 2017. Dr. Sullivan is also a Senior Fellow at the Potomac Institute for Policy Studies. Dr. Sullivan served in several roles in the U.S. Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA) between May 2011 and January 2017, including as Under Secretary of Commerce for Oceans & Atmosphere and NOAA Administrator from March 2014 until January 2017. She served as a Director for Ohio State University’s Battelle Center for Mathematics and Science Education Policy from 2006 through 2011. Between 1996 and 2005, Dr. Sullivan served as President and CEO of the Center of Science and Industry (COSI), a hands-on science education enterprise, serving nearly 900,000 people annually throughout Ohio and surrounding states. Between 1978 and 1993, Dr. Sullivan was a Mission Specialist for NASA. She is a veteran of three Shuttle missions with over 500 hours in space and she is the first American woman to walk in space. Dr. Sullivan served on the boards of directors of several public companies between 1997 and 2011. She is a member of the National Academy of Engineering.

Board Qualifications

Dr. Sullivan’s service as Administrator for the National Oceanic and Atmospheric Association and Under Secretary of Commerce for Oceans and Atmosphere brings a valuable perspective on current issues in sustainability, which is a critical issue to the Company. As a former NASA space shuttle astronaut, she also brings a strong technical background, leadership capabilities, and strategic planning experience. Dr. Sullivan’s service on other public company boards gives her experience and oversight of natural resource conservation and production as well as a broad range of strategic and tactical business matters. She also brings finance and budgeting experience having served as president and chief executive officer of COSI, as well as her service on a public company’s audit and finance committee. These experiences give Dr. Sullivan a strong background upon which to draw as a member of our Public Policy and Environment Committee and Governance Committee.

Key Skills & Experience

Environment, Sustainability,
Public Policy and Public
Service
Technology
Strategic Planning
Supply Chain

Marketing
Diversity
International
Operations
Finance, Accounting

Mark S. Sutton

Chairman & CEO

Age: 56
Director since: 2014

Biography

Chairman (since January 1, 2015) & chief executive officer (since November 1, 2014). Mr. Sutton previously served as president & chief operating officer from June 1, 2014 to October 31, 2014, senior vice president - industrial packaging from November 2011 to May 31, 2014, senior vice president - printing and communications papers of the Americas from 2010 until 2011, senior vice president - supply chain from 2008 to 2009, vice president - supply chain from 2007 until 2008, and vice president - strategic planning from 2005 until 2007. Mr. Sutton joined International Paper in 1984. Mr. Sutton serves on the board of directors for The Kroger Company. He is a member of The Business Council, serves on the American Forest & Paper Association board of directors,

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the Business Roundtable board of directors, and the international advisory board of the Moscow School of Management - Skolkovo. He was appointed chairman of the U.S. Russian Business Council. He also serves on the board of directors of Memphis Tomorrow and the board of governors for New Memphis Institute.

Board Qualifications

Mr. Sutton has been with International Paper his entire 30 plus-year career and served in various senior leadership roles, most recently as president and chief operating officer, as well as senior vice president - Industrial Packaging, the Company's largest business. He has also served as the senior leader of Printing and Communications Papers, supply chain, corporate strategic planning, as well as leading packaging operations in Europe, Middle East and Africa. As a result, Mr. Sutton was instrumental in the transformation of the Company over the last decade. He brings deep experience and institutional knowledge to the Board and management in his roles as chairman and CEO.

Key Skills & Experience

Current CEO		Finance, Accounting
Manufacturing		Strategic Planning
International Operations		Supply Chain
Environment, Sustainability,		Technology
Public Policy		Marketing

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Board of Directors *Directors Standing for Election* Term Expiring in 2019

J. Steven Whisler

Independent

Age: 63
Director since: 2007

Committees:

- Management Development and Compensation (Chair)
- Governance

Biography

Retired as chairman and chief executive officer of Phelps Dodge Corporation, an international mining company, upon its merger with Freeport-McMoRan Inc. in March 2007. Mr. Whisler served as chairman and chief executive officer of Phelps Dodge Corporation from May 2000 until March 2007, and served on the board of Phelps Dodge Corporation from 1995 through March 2007. Mr. Whisler is a director of CSX Corporation and the Brunswick Corporation. He is also a director of the C.M. Russell Museum.

Board Qualifications

Mr. Whisler served as chairman and CEO of Phelps Dodge Corporation, a large, publicly traded, manufacturing company with international operations, prior to its acquisition in March 2007. He also served as general counsel of Phelps Dodge and, as a result, has a deep understanding of the governance, compliance and regulatory issues facing public companies. His service on other public company boards further augments his range of knowledge and allows him to draw on various perspectives and viewpoints.

Key Skills & Experience

Former CEO

Manufacturing

International Operations

Environment, Sustainability,

Public Policy

Finance, Accounting

Strategic Planning

Supply Chain

Legal

Ray G. Young

Independent

Age: 56
Director since: 2014

Committees:

- Audit & Finance (Chair)
- Management Development and Compensation

Biography

Executive vice president and chief financial officer of Archer- Daniels-Midland Company (“ADM”), with responsibility for strategic oversight of ADM’s business in Asia. ADM is a publicly traded company and one of the largest agricultural processors and food ingredients companies in the world, and Mr. Young has been its chief financial officer since December 2010. Prior to joining ADM, he was employed on four continents at General Motors Company (“GM”), a publicly traded company and producer of vehicles throughout the world, from 1986 to 2010. At GM and its affiliates, he served in various senior executive roles, including as its president of the Mercosur Region from 2004 to 2007, its chief financial officer from 2008 to 2009 and its vice president, International Operations, based in China, in 2010. He currently serves on the boards of the U.S. China Business Council and the American Cancer Society Lakeshore Division. He also serves an alternate board member of Wilmar International, a Singapore-listed global agricultural processor and food ingredients company.

Board Qualifications

As executive vice president and chief financial officer of Archer Daniels Midland (ADM), a large, publicly traded company, Mr. Young brings strong financial expertise and strategic acumen to the Board. In addition to his experience at ADM, he also served in various executive roles at General Motors Company for over twenty years, and as a result, has a deep knowledge of global manufacturing operations.

Key Skills & Experience

Current CFO

Finance, Accounting

International Operations

Diversity

Manufacturing

Strategic Planning

Supply Chain

Technology

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Information About Corporate Governance Director Qualifications and Experience

Director Qualification Criteria

Our Board has adopted *Director Qualification Criteria and Independence Standards*, which it uses to evaluate incumbent directors being considered for re-election at each annual meeting, as well as to evaluate director candidates. The Governance Committee of our Board is responsible for evaluating each director candidate, and for recommending qualified director nominees for election to the Board. We seek candidates with ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values. The Governance Committee also considers whether each candidate demonstrates the following:

- Commitment to the Company's mission and purpose, and loyalty to the interests of the Company and its shareowners;
- Ability to exercise objectivity and independence in making informed business decisions;
- Willingness and commitment to devote the extensive time necessary to fulfill his/her duties;
- Ability to communicate effectively and collaboratively with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations and decision-making; and
- Skills, knowledge and expertise relevant to the Company's business.

Director Nomination Procedures

Shareowners may submit recommendations for director candidates to the Governance Committee by writing to the Corporate Secretary. The candidates should meet the director qualifications criteria described above. The Governance Committee applies the same criteria in evaluating candidates recommended by shareowners as those from other sources. If a shareowner would like to nominate a director candidate, the shareowner must follow the procedures set forth in our By-Laws, including the deadline to make such nominations. See [Communicating with the Board](#) above and [Adoption of Proxy Access](#) below.

Diversity of Our Directors

Our Board and the Governance Committee have assembled a Board comprised of experienced directors who are currently, or have recently been, leaders of major companies and institutions, are independent thinkers and have a diverse range of expertise and skills that they bring to the boardroom. The Board, through its Governance Committee, seeks to have a group of directors with a mix of backgrounds, experiences and tenure that will enhance the quality of its deliberations and decisions, and provide a blend of institutional knowledge and fresh perspective. The criteria considered by the Board and the Governance Committee include a person's skills, current and previous occupations, other board memberships and professional experiences in the context of the needs of the Board. The Governance Committee Charter specifically directs the Committee to seek qualified candidates with diverse backgrounds including, but not limited to, such factors as race, gender, and ethnicity. While the Company does not have a formal policy on Board diversity, the Governance Committee actively considers diversity in the recruitment and nomination of directors. The current composition of our Board reflects those efforts and the importance of

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Information About Corporate Governance Board Leadership & Corporate Governance Practices

diversity to the Board. The satisfaction of these criteria is implemented and assessed through ongoing consideration of directors and nominees by the Governance Committee and the Board, as well as through the Board’s annual self-evaluation process. Our Board believes that its membership should include individuals with a diverse background in the broadest sense, and is particularly interested in maintaining a mix of skills and experience that includes the following:

*Our Director Qualification Criteria and Independence Standards may be found at www.internationalpaper.com under the **Company** tab at the top of the page followed by the **Leadership** link and then under the **Governance** link.*

Board Composition—Results of Succession Planning & Board Refreshment Efforts

12 director nominees;

11 independent

Highly qualified directors with a diverse mix of qualifications, skills and experience

4 new directors added in 2017 with key areas of expertise with fresh perspectives

Of the 4 new directors –

2 are women and **1** is African-American

4.7-year average tenure for director nominees

Board Leadership & Corporate Governance Practices

Board Leadership Structure

Our Board believes that the Company and its shareowners are best served by having the flexibility to determine the right leadership structure for the Company at any given point in time, taking into consideration the current business environment and shareholder landscape. We currently combine the role of Chairman and CEO and believe this is the most effective leadership structure for the Company at this time. When Mr. Sutton was appointed as CEO in 2014, the Board evaluated whether continuing to combine the role of Chairman and CEO was in the best interests of the Company and the shareowners. The Board concluded that maintaining the combined position of Chairman and CEO is appropriate to further strengthen the Company’s governance structure by promoting unified leadership and direction for the Company, fostering accountability and allowing for a single, clear focus for management to execute the Company’s strategy and business plans.

As a counterbalance, we have an independent Presiding Director, Ilene S. Gordon, whose role and responsibilities provide strong independent leadership in the boardroom. The authority and duties of our independent Presiding Director are set forth in the **Corporate Governance Guidelines** and provided below.

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[Information About Corporate Governance Board Leadership & Corporate Governance Practices](#)

Role of the Presiding Director

The Presiding Director is elected each year by the independent directors for a term of not less than one year. Effective January 1, 2018, the independent directors elected Ilene S. Gordon as Presiding Director, rotating that position. J. Steven Whisler had previously served as Presiding Director. The Presiding Director has authority to call meetings of independent directors. She may consult and directly communicate with certain shareowners if requested. The duties of the Presiding Director include:

Determining a schedule and agenda for regular executive sessions in which independent directors meet without management present, and presiding over these sessions;

Presiding over meetings of the Board in the event the Chairman is not present;

Serving as liaison between the Chairman and independent directors;

Approving agendas of the Board and meeting schedules to assure there is ample discussion time;

Approving information sent to the Board; and

Organizing the process for evaluating the performance of the Chairman and CEO not less than annually in consultation with the Management Development and Compensation Committee.

The Board considers its own leadership structure as part of the Company's succession planning process. The Board will continue to evaluate this structure going forward in light of factors and considerations prevailing at the time to determine whether a combined CEO and Chairman role is in the best interests of the Company and its shareowners.

Commitment to Sound Corporate Governance Principles

We believe good corporate governance is critical to achieving business success and serves the best interests of our shareowners. Our Board has adopted *Corporate Governance Guidelines* that reflect its commitment to sound governance practices. In addition, each of our Board committees has its own charter to assure that our Board fully discharges its responsibilities to our shareowners. Our Board regularly reviews its *Corporate Governance Guidelines* and committee charters and makes changes from time to time to reflect developments in the law and the corporate governance area. Our Amended and Restated Certificate of Incorporation permits the size of our Board to range from nine to 18 members. Currently, the size of our Board is 13 members, and it will be reduced to 12 members immediately following the annual meeting. Our Board maintains four standing committees, as well as an Executive Committee, which is comprised of the chairs of each of the standing committees.

Adoption of Proxy Access

On February 9, 2016, our Board of Directors adopted a proxy access By-Law that permits stockholders owning 3 percent or more of our common stock for at least three years to nominate the greater of two directors or up to 20 percent of the Board, and include these nominees in our proxy materials. The number of shareowners who may aggregate their shares to meet the ownership threshold is limited to 20. Nominations are subject to the eligibility, procedural and disclosure requirements set forth in the By-Laws.

Our By-Laws are available at www.internationalpaper.com, under the "Company" tab at the top of the page followed by the "Leadership" link and then under the "Governance" link. A paper copy is available at no cost by written request to the Corporate Secretary.

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Information About Corporate Governance *Board Leadership & Corporate Governance Practices*

Our Board believes that a shareowner-focused governance model is the right fit for International Paper. The below table highlights our sound corporate governance practices:

Shareholder Rights	<ul style="list-style-type: none"> Majority voting for directors, with a director resignation policy Shareholder right to call special meetings Shareholder right to act by written consent Shareholder right to proxy access
Board Independence	<ul style="list-style-type: none"> 11 of 12 director nominees are independent Robust independent Presiding Director role Executive sessions without management present at every in-person Board meeting Focus on Board composition and refreshment
Other Governance Practices	<ul style="list-style-type: none"> Strong anti-hedging and anti-pledging stock trading provisions Annual Board and committee self-evaluations Strong stock ownership requirements

Our *Corporate Governance Guidelines* and our Board committee charters are available at www.internationalpaper.com under the “Company” tab at the top of the page followed by the “Leadership” link and then under the “Governance” link. A paper copy is available at no cost by written request to the Corporate Secretary at the address on page 13 of this proxy statement.

In each of the areas discussed below, we have embraced sound principles, policies and procedures to ensure that our Board and our management goals are aligned with our shareowners’ interests.

Board of Directors’ Policies and Practices

Annual Board and Committee Self Assessment

The Board is committed to a robust and constructive evaluation process and recognizes this process promotes continuous improvement and overall Board effectiveness.

Our Board conducts an annual self assessment of its own and its committees’ performances, in accordance with a procedure established by the Governance Committee.

The General Counsel conducts interviews with each of the directors based on a detailed questionnaire. Topics covered include, among others:

- Effectiveness of Board and Committee leadership structure;

- Board and Committee skills, composition, diversity, and succession planning;

- Effectiveness of each individual director’s performance and contributions to the functioning of the Board;

- Board culture and dynamics, including the effectiveness of discussion and debate at meetings; and

- Board and management dynamics, including the quality of management presentations and information provided to the Board.

Separately, an assessment of individual Board members is conducted by the Governance Committee and the Chairman of the Board prior to their nomination for election by shareowners, in accordance with the *Director Qualification Criteria and Independence Standards* discussed above.

Board, Committee and Annual Meeting Attendance

The Board met 11 times during 2017, with an average attendance rate of 94 percent.

Each director attended 75 percent or more of the aggregate number of meetings of the Board and committees on which he or she served other than Kathryn D. Sullivan. The Board appointed Dr. Sullivan on March 1, 2017, to ensure that later that month Dr. Sullivan could participate in the Board’s strategic planning sessions, which the Board believes are particularly valuable for new board members. At the time of the appointment, the Board was aware that Dr. Sullivan had prior commitments that precluded her attendance at the regularly scheduled board and committee meetings held in May 2017. Dr. Sullivan also missed the June 2017

meeting, which was not a regularly scheduled

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Information About Corporate Governance *Board Leadership & Corporate Governance Practices*

Board meeting. The Chairman called this special meeting of the Board to address an unexpected issue in a timely fashion. Dr. Sullivan was unable to participate at the special meeting in June because she was traveling internationally for a previously scheduled commitment. As a result, Dr. Sullivan attended 73 percent of the aggregate number of combined Board meetings and meetings of committees on which she served.

As expected by our *Corporate Governance Guidelines*, all those who were directors at the time of the 2017 annual meeting were in attendance at that meeting other than Dr. Sullivan (as noted above) and J. Steven Whisler, who could not attend due to a conflicting commitment.

Executive Sessions of Non-Management and Independent Directors

After each regularly scheduled face-to-face meeting and, if needed, after telephonic meetings, non-management and independent directors of our Board meet in executive session, without management present, chaired by the Presiding Director.

If non-management directors are not independent, then the Presiding Director will also chair an executive session of independent directors at least once annually.

In 2017, executive sessions were held at every regularly scheduled face-to-face Board meeting.

Independent directors may engage, at the Company's expense, independent legal, financial, accounting and other advisors as they may deem appropriate, without obtaining management's approval.

Orientation and Continuing Education

Our new directors participate in a director orientation that includes written materials and presentations by Company employees who are subject-matter experts, as well as meetings with senior management, our independent registered public accounting firm and both the Company's and the Management Development and Compensation Committee's compensation consultants. New directors visit several of our facilities and meet with employees.

Continuing education occurs at Board and committee meetings, with specific topics of interest covered by management or outside experts.

Directors are also offered the opportunity to attend director education programs provided by third parties. From time to time, directors attend meetings of Company officers, and, at each Board meeting, they meet informally and formally with senior leaders of the Company.

Mandatory Retirement Policies

Our Board has a mandatory retirement policy for non-employee directors, under which a non-employee director is required to retire from our Board effective December 31 of the year in which he or she attains the age of 72.

Stacey J. Mobley and William G. Walter, who had served on our Board since 2008 and 2005, respectively, retired under this policy in December 2017.

Jay L. Johnson, who has served on our Board since 2013, will retire under this policy in December 2018.

In addition, we have a mandatory retirement policy for CEOs, under which our CEO is required to retire as CEO effective on the first day after the month in which he or she attains the age of 65.

Resignation Policies

We have two policies relating to director resignation. The first applies when a director has a substantial change in his or her principal occupation, and the second applies in relation to a director who does not receive a majority of shares voted in favor of his or her election. We describe each policy below.

First, if a director's principal occupation changes substantially, he or she is required to tender his or her resignation for consideration by the Governance Committee. The Governance Committee then recommends to the Board whether or not to accept the resignation using the *Director Qualification Criteria and Independence Standards*.

Second, our Amended and Restated Certificate of Incorporation provides for majority voting of directors in non-contested elections. Pursuant to our By-Laws, any director nominee in a non-contested election who fails to receive the requisite majority of votes cast "for" his or her election must tender his or her resignation, and the Board, through its Governance Committee, will determine whether or not to accept the resignation.

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Information About Corporate Governance *Board Oversight of the Company*

Board Oversight of the Company

Risk Oversight

As set forth in the Company's *Corporate Governance Guidelines*, the Board exercises oversight of the Company's strategic, operational and financial matters, as well as compliance and legal risks. The Board is responsible for assuring appropriate alignment of its leadership structure and oversight of management with the interests of shareowners and the communities in which the Company operates. Pursuant to delegated authority as permitted by the Company's By-Laws, *Corporate Governance Guidelines*, and committee charters, the Board's four standing committees oversee certain risks, and the Audit and Finance Committee coordinates the risk oversight role exercised by various committees and management. The Company's *Corporate Governance Guidelines* provide the foundation upon which the Board oversees a working system of principled goal-setting and effective decision-making, with the objective of establishing a vital, agile, and ethical corporate entity that provides value to the shareowners who invest in the Company and to the communities in which it operates.

Code of Conduct

Our Board has adopted a *Code of Conduct* (the "Code") that applies to our directors, officers and all employees to ensure we conduct business in a legal and ethical manner. The Code is available at www.internationalpaper.com, under the "**Company**" tab at the top of the page, then under "**Ethics**." A paper copy is available at no cost by written request to the Corporate Secretary.

Our Global Ethics and Compliance office is located at our global headquarters in Memphis, Tennessee. If an employee, customer, vendor or shareowner has a concern about ethics or business practices of the Company or any of its employees or representatives, he or she may contact the Global Ethics and Compliance office in person, via mail, e-mail, facsimile or telephone. The *Code* describes multiple channels by which employees may report a concern, such as through their managers, a human resources professional, legal counsel or our internal audit department.

Our HelpLine is also available 24 hours a day, seven days a week, to receive calls from anyone wishing to report a concern or complaint, whether anonymous or otherwise.

Our HelpLine contact information can be found at www.internationalpaper.com, under the "**Company**" tab at the top of the page, then under "**Ethics**" and "**How Can We Help You?**"

All HelpLine reports are immediately forwarded to the Global Ethics and Compliance office for further action and for a response to the person reporting, unless he or she has chosen to remain anonymous. A report made through any of our other reporting channels that involves an impropriety relating to our accounting, internal controls or other financial or audit matters is also forwarded immediately to the Global Ethics and Compliance office. That office has responsibility for investigating all such matters, and will report certain of those matters, unfiltered, to the chair of our Audit and Finance Committee in accordance with the procedures established by the Audit and Finance Committee to ensure compliance with the Sarbanes-Oxley Act of 2002.

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Information About Corporate Governance *Independence of Directors*
Independence of Directors

Director Independence Standards

It is the policy of our Board that a majority of its members be independent from the Company, its management and its independent registered public accounting firm. Based on the Governance Committee's review of our current directors, our Board has determined each of our non-employee directors is independent: David J. Bronczek; William J. Burns; Christopher M. Connor; Ahmet C. Dorduncu; Ilene S. Gordon; Jacqueline C. Hinman; Jay L. Johnson; Clinton A. Lewis, Jr.; Kathryn D. Sullivan; John L. Townsend, III; J. Steven Whisler; and Ray G. Young. We have one employee-director, our Chairman, Mr. Sutton, who is not independent. Each standing committee of the Board is comprised entirely of independent directors.

Further, the Governance Committee concluded and recommended to our Board, and our Board determined, each of our non-employee directors meets the independence requirements for service on our Audit and Finance Committee, the Management Development and Compensation Committee and the Governance Committee.

Director Independence Determination Process and Standards

Annually, our Board determines the independence of directors based on a review conducted by the Governance Committee and the General Counsel. The Governance Committee and the Board evaluate and determine each director's independence under the *NYSE Listed Company Manual's* independence standards and the Company's *Director Qualification Criteria and Independence Standards*, which are consistent with, but more rigorous than, the NYSE standards.

Under SEC rules, the Governance Committee is required to analyze and describe any transactions, relationships or arrangements not specifically disclosed in this proxy statement that were considered in determining our directors' independence. To facilitate this process, the Governance Committee reviews directors' responses to our annual Directors' and Officers' Questionnaire, which requires disclosure of each director's and his or her immediate family's relationships to the Company, as well as any potential conflicts of interest.

In this context, the Governance Committee considered the relationships described below. Based on its analysis of the relationships and our independence standards, the Governance Committee concluded and recommended to our Board that none of these relationships impaired the independence of any non-employee director, including:

Non-profit and charitable organization affiliations of our directors. None of our directors serve as an executive officer of any organization to which we make charitable contributions.

Service by several of our directors as an executive officer at a company with whom we may do business. The Governance Committee determined that the commercial relationships involving routine, arms-length purchases and sales transactions between International Paper and these companies were not material under our independence standards. These standards provide that payments to or payments from the Company to a company for which a director serves as an executive officer, for property or services that are less than the greater of \$750,000 or 1.75 percent of such other company's consolidated gross revenues, are not considered a material relationship that would impair the director's independence. We provide additional details about these relationships in the following table.

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Transactions Considered in Analysis of Director Independence

Director	Name of Employer	Business Relationship (including affiliated companies)	Dollar Amount of Routine Sales Transactions (approximate)	Amount exceeds greater of \$750,000 or 1.75% of other company's gross revenues?
David J. Bronczek	FedEx Corporation	Routine sales to FedEx	\$250,000 in total, representing less than 0.002% of International Paper's gross revenues in 2017	No
		Routine purchases from FedEx	\$7.56 million in total, representing less than 0.02% of FedEx's gross revenues in 2017	No
Ilene S. Gordon	Ingredion Incorporated	Routine sales to Ingredion	\$120,000 in total, representing less than 0.0006% of International Paper's gross revenues in 2017	No
		Routine purchases from Ingredion	\$58.27 million in total, representing less than 1.0% of Ingredion's gross revenues in 2017	No
Ray G. Young	Archer-Daniels-Midland Company	Routine sales to ADM	\$5.35 million in total, representing less than 0.03% of International Paper's gross revenues in 2017	No
		Routine purchases from ADM	\$60.75 million in total, representing less than 0.10% of ADM's gross revenues in 2017	No

Board Committees

As described above, in order to fulfill its responsibilities, the Board has delegated certain authority to its committees. The Board has four standing committees and one Executive Committee: (i) Audit and Finance; (ii) Governance; (iii) Management Development and Compensation; and (iv) Public Policy and Environment. The Executive Committee meets only if a quorum of the full Board cannot be convened and there is an urgent need to meet.

Each committee has its own charter, and each charter is reviewed annually by each committee to assure ongoing compliance with applicable law and sound governance practices. The Governance Committee assesses the Executive Committee Charter. Committee charters are available at www.internationalpaper.com under the "**Company**" tab at the top of the page followed by the "**Leadership**" link and then under the "**Board Committees**" link. A paper copy is available at no cost by written request to the Corporate Secretary.

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Information About Corporate Governance *Board Committees*

Committee Assignments

Independent Board members are assigned to one or more committees. The Governance Committee recommends any changes in assignments to the entire Board. Committee chairs are rotated periodically, usually every three to five years.

Governance Committee

Current Meetings

Meeting agendas are developed by the Governance Committee chair in consultation with committee members and senior leaders, who regularly attend the meetings.

L. Johnson

Responsibilities

The Governance Committee is responsible for assuring the Company abides by sound corporate governance principles, including compliance with the Company's Certificate of Incorporation, By-Laws, and *Corporate Governance Guidelines*, and reviewing conflicts of interest, including related person transactions under our *Related Person Transactions Policy and Procedures*. The committee also serves as the Board's nominating committee, responsible for identifying and recommending individuals qualified to become Board members and for evaluating directors being considered for re-election. The committee is also responsible for assuring that shareholder communications, including shareholder proposals, are addressed appropriately by the Board or Company management. The committee also recommends employee director compensation, and assists the Board in its annual self assessment.

A. Lewis, Jr.
Kathryn D. Sullivan
J. Steven Whisler

All Members are Independent

Audit and Finance Committee

Current Meetings

Meeting agendas are developed by the Audit and Finance Committee chair in consultation with committee members and senior management, who regularly attend the meetings. Each meeting, the committee holds executive sessions without members of management, and it also meets privately with representatives from our independent registered public accounting firm, and separately with each of the Chief Financial Officer, General Counsel, Vice President of Internal Audit, and Controller.

Christopher

Responsibilities

The Audit and Finance Committee assists our Board in monitoring the integrity of our financial statements and financial reporting procedures, reviewing the independent registered public accounting firm's qualifications and independence, and overseeing the performance of our internal audit function and independent registered public accounting firm, coordinating

Document compliance with legal and regulatory requirements relating to the use and development of our financial resources, and
C. detecting the risk of financial fraud involving management and ensuring that controls are in place to prevent, deter and
C. detect fraud by management.

Hinman

Jay

L.

Johnson

John

L.

Townsend,

III

All

Members

are

Independent

Table of Contents[Information About Corporate Governance Board Committees](#)[The Company's Independent Registered Public Accounting Firm](#)

The Audit & Finance Committee is responsible for the appointment, compensation, retention and oversight of the independent external audit firm retained to audit the Company's financial statements. The committee has evaluated the qualifications, performance and independence of Deloitte & Touche and appointed Deloitte & Touche as the Company's independent external auditor for the fiscal year 2018. Deloitte & Touche has served as International Paper's independent external auditor continuously since 2002. In order to assure continuing auditor independence, the Audit & Finance Committee periodically considers whether there should be a rotation of the independent external audit firm. The members of the Audit & Finance Committee and the Board believe the continued retention of Deloitte & Touche to serve as the Company's independent external auditor is in the best interests of International Paper and its shareowners.

Deloitte & Touche's reports on the consolidated financial statements for each of the three fiscal years in the period ended December 31, 2017, did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

Independent Auditor Fees

The Audit and Finance Committee engaged Deloitte & Touche to perform an annual integrated audit of the Company's financial statements, which includes an audit of the Company's internal controls over financial reporting, for the years ended December 31, 2016, and December 31, 2017. The total fees and expenses paid to Deloitte & Touche are as follows:

	2016 (\$, in thousands)	2017 (\$, in thousands)
Audit Fees	14,769	16,369
Audit-Related Fees	526	1,729
Tax Fees	1,020	3,632
All Other Fees	52	172
Total Fees	16,367	21,902

Services Provided by the Independent Auditors

All services rendered by Deloitte & Touche are permissible under applicable laws and regulations, and are pre-approved by the Audit and Finance Committee. For a complete copy of International Paper's "Guidelines of International Paper Company Audit and Finance Committee for Pre-Approval of Independent Auditor Services," please write to the Corporate Secretary, or visit us on our website, www.internationalpaper.com, under the "Company" tab, then the "Governance" link.

Pursuant to rules adopted by the SEC, the fees paid to Deloitte & Touche for services provided are presented in the table above under the following categories:

Audit Fees — These are fees for professional services performed by Deloitte & Touche for the audit and review of our annual financial statements that are normally provided in connection with statutory and regulatory filings or engagements, comfort letters, consents and other services related to SEC matters. Audit fees in both years include amounts related to the audit of the effectiveness of internal controls over financial reporting.

Audit-Related Fees — These are fees for assurance and related services performed by Deloitte & Touche that are reasonably related to the performance of the audit or review of our financial statements. This includes employee benefit and compensation plan audits, accounting consultations on divestitures and acquisitions, attestations by Deloitte & Touche that are not required by statute or regulation, consulting on financial accounting and reporting standards, and consultations on internal controls and quality assurance audit procedures related to new or changed systems or work processes.

Tax Fees — These are fees for professional services performed by Deloitte & Touche with respect to tax compliance, tax advice and tax planning. This includes consultations on preparation of original and amended tax returns for the Company and its consolidated subsidiaries, refund claims, payment planning, and tax audit assistance. Deloitte & Touche has not provided any services related to tax shelter transactions, nor has Deloitte & Touche provided any services under contingent fee arrangements.

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Information About Corporate Governance *Board Committees*

All Other Fees — These are fees for other permissible work performed by Deloitte & Touche that do not meet the above category 4. descriptions. The services relate to various consultations that are permissible under applicable laws and regulations, which are primarily related to engagements to provide advice, observations, and recommendations regarding operations, infrastructure and distribution to be considered by the Company.

The following is the report of the Audit and Finance Committee with respect to the Company’s audited financial statements for the fiscal year ended December 31, 2017.

The Audit and Finance Committee assists the Board of Directors in its oversight of the Company’s financial reporting process and implementation and maintenance of effective controls to prevent, deter and detect fraud by management. The Audit and Finance Committee’s responsibilities are more fully described in its charter, which is accessible on the Company’s website at www.internationalpaper.com under the “Company” tab at the top of the page and then under the “Leadership” link and the “Board Committees” section. Paper copies of the Audit and Finance Committee charter may be obtained, without cost, by written request to Ms. Sharon R. Ryan, Corporate Secretary, International Paper Company, 6400 Poplar Avenue, Memphis, TN 38197.

In fulfilling its oversight responsibilities, the Audit and Finance Committee has reviewed and discussed the Company’s annual audited and quarterly consolidated financial statements for the 2017 fiscal year with management and Deloitte & Touche LLP (“Deloitte & Touche”), the Company’s independent registered public accounting firm. The Audit and Finance Committee has discussed with Deloitte & Touche the matters required to be discussed by Auditing Standard No. 1301, “Communications with Audit Committees,” issued by the Public Company Accounting Oversight Board (United States). The Audit and Finance Committee has received the written disclosures and the letter from Deloitte & Touche required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence, and has discussed with Deloitte & Touche its independence from the Company and its management. The Audit and Finance Committee has also considered whether the provision of non-audit services by Deloitte & Touche is compatible with maintaining the firm’s independence.

The Board has determined that the following members of the Audit and Finance Committee are audit committee financial experts as defined in Item 407(d)(5)(ii) of Regulation S-K: Christopher M. Connor, Jacqueline C. Hinman, Jay L. Johnson, John L. Townsend, III, and Ray G. Young. The Board has determined each member of the Audit and Finance Committee meets the independence and financial literacy requirements for audit committee members set forth under the listing standards of the NYSE and our independence standards.

Based on the review and discussions referred to above, the Audit and Finance Committee recommended to the Company’s Board of Directors that the Company’s audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

The Audit and Finance Committee has approved and selected, and the Board of Directors has ratified, Deloitte & Touche as the Company’s independent registered public accounting firm for 2018.

Audit and Finance Committee

Ray G. Young, Chairman

Ahmet C. Dorduncu

Jay L. Johnson

Christopher M. Connor

Jacqueline C. Hinman

John L. Townsend, III

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Information About Corporate Governance *Board Committees*

Public Policy and Environment Committee

Current Meetings

Meeting agendas are developed by the Public Policy and Environment Committee chair in consultation with committee members and senior leaders, who regularly attend the meetings.

J.

Bronczek

(Chairman)

William

The Public Policy and Environment Committee has overall responsibility for the review of contemporary and emerging public policy issues, as well as technology issues pertaining to the Company. The committee reviews the Company's health and safety policies, as well as environmental policies, including the Office of Sustainability policies, to ensure continuous improvement and compliance. The committee also reviews the Company's policies and procedures for

complying with its legal and regulatory obligations, including our Code, and charitable and political contributions.

C.

Dorduncu

Jacqueline

C.

Hinman

Clinton

A.

Lewis,

Jr.

Kathryn

D.

Sullivan

All

Members

are

Independent

Executive Committee

Current Executive Committee

Members

The Executive Committee may act for our Board, to the extent permitted by law, if Board action is required and a quorum of our full Board cannot be convened on a timely basis in person or telephonically. The Chairman of our Board, the S. independent Presiding Director, and the chair of each Board committee are members of the Executive Committee.

Sutton

(Chairman)

David

J.

Bronczek

Ilene

S.

Gordon

Jay

L.

Johnson

J.
Steven
Whisler
Ray
G.
Young

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Information About Corporate Governance *Board Committees*

Management Development and Compensation Committee

Current Meetings

Meeting agendas are developed by the Management Development and Compensation Committee chair in consultation with committee members and senior leaders, who regularly attend the meetings. An executive session without management present is held at each meeting. The committee’s independent compensation consultant is Frederic W. Cook & Co., Inc. (“FW Cook”). FW Cook regularly attends the committee’s meetings.

Responsibilities

The Management Development and Compensation Committee is responsible for overseeing our overall compensation program and approving the compensation of our senior management (other than the CEO). The committee is responsible for conducting performance evaluations of the Chairman and CEO not less than annually, in accordance with the process organized by the Presiding Director, and recommending compensation of the CEO to the independent directors based on such evaluations.

The committee is also responsible for discussing with Company management the required disclosure under Item 407(e)(5) of Regulation S-K, including the Compensation Discussion & Analysis that is prepared as part of this proxy statement, and for recommending that it be included in our proxy statement. The committee is responsible for ensuring we have in place policies and programs for the development of senior leaders and succession planning. The committee acts as the oversight committee with respect to our retirement and benefit plans for senior officers and must approve significant changes to the retirement and benefit plans for our employees. With respect to those plans, the committee may delegate authority for both day-to-day administration and interpretation of the programs, except as it may impact our senior leaders of the CEO.

Young
All
Members
are
Independent

Role of Independent Consultant. The Committee engaged FW Cook, commencing in mid-2011, to serve as its independent, external compensation consultant. The committee has sole authority for retaining or terminating FW Cook, as well as approving the terms of engagement, including fees. FW Cook works exclusively for the committee and provides no services to the Company. FW Cook is expected to achieve the following objectives:

- Attend meetings of the Management Development and Compensation Committee as requested;
- Acquire adequate knowledge and understanding of our compensation philosophy and incentive programs;
- Provide advice on the direction and design of our executive and director compensation programs;
- Provide insight into the general direction of executive compensation within Fortune 500 companies; and
- Facilitate open communication between our management and the Management Development and Compensation Committee, assuring both parties are aware and knowledgeable of ongoing issues.

Assessment and Management of Compensation-Related Risk. The Committee has committed to completing an annual risk assessment to evaluate the Company’s compensation plans and programs. In 2017, at the committee’s request, FW Cook conducted a risk assessment with the objective of identifying any compensation policies and practices that may encourage employees to take unnecessary or excessive risks that could threaten the Company. No such plans or practices were identified. The results of this 2017 evaluation indicated, and the Committee thus concluded, that there are no significant compensation-related risk areas at the Company and that our compensation policies and practices

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[Information About Corporate Governance Transactions with Related Persons](#)

do not encourage unnecessary or excessive risk-taking and do not create risks that are reasonably likely to have a material adverse effect on the Company. Also, based on this evaluation, the committee concluded that the Company's executive compensation program appropriately aligns compensation with long-term shareowner value creation and avoids short-term rewards for decisions that could pose long-term risks to the Company. These conclusions were based on the following factors:

Our compensation mix is appropriately balanced and incentive compensation is not overly weighted toward short-term performance at the expense of long-term value creation;

Our short-term incentive compensation award pool is appropriately capped, thereby limiting payout potential;

Our long-term incentive compensation is also capped and is based entirely on performance shares, which are less leveraged than stock options and, unlike time-based restricted stock awards, reward both Company performance and stock price;

Our performance is measured against absolute and relative metrics to ensure quality and sustainability of Company performance;

We have adopted several programs that serve to mitigate potential risk, including officer stock ownership requirements, clawback policies in our incentive compensation programs, and non-compete and non-solicitation agreements to deter behavior that could be harmful to the Company either during or after employment; and

The committee maintains strict controls over the Company's equity granting practices, and our incentive compensation plan prohibits option re-pricing without shareowner approval.

[Compensation Committee Interlocks and Insider Participation](#)

The members of the Management Development and Compensation Committee during 2017 were Mr. J. Steven Whisler, Chairman, Mr. David J. Bronczek, Mr. Christopher M. Connor, Ms. Ilene S. Gordon, Mr. John L. Townsend, III, and Mr. William G. Walter. No member of the Management Development and Compensation Committee was, during the fiscal year, an officer or employee of the Company or was formerly an officer of the Company. Please refer to the discussion below related to "Transactions with Related Persons," for additional information requiring disclosure by us under Item 404 of Regulation S-K under the Exchange Act for members of the Company's Management Development and Compensation Committee.

In addition, no executive officer of the Company served as a member of the compensation committee (or its equivalent) of another entity, or as a director of another entity, one of whose executive officers served on our Management Development and Compensation Committee. No executive officer of the Company served as a member of the compensation committee (or its equivalent) of another entity, one of whose executive officers served as one of our directors.

[Transactions with Related Persons](#)

[Transactions Covered.](#) Our Board has adopted a written policy and procedures for review and approval or ratification of transactions involving the Company and "related persons" (directors and executive officers and their immediate family members or shareowners owning 5 percent or greater of our outstanding common stock and their immediate family members). The policy covers any related person transaction that meets the minimum threshold for disclosure in the proxy statement under the SEC's rules (specifically, any transaction involving us in which:

(i) the amount involved exceeded \$120,000, and

(ii) a related person had a direct or indirect material interest).

[Related Person Transaction Review Procedures.](#) Related person transactions are approved in advance by the Governance Committee whenever possible, or must be ratified as promptly as possible thereafter. We disclose in our proxy statement any transactions that are found to be directly or indirectly material to a related person.

Prior to entering into a transaction, a related person must provide the details of the transaction to the General Counsel, including the relationship of the person to the Company, the dollar amount involved, and whether the related person or his or her family member has or will have a direct or indirect interest in the transaction. The General Counsel evaluates the transaction to determine if

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Information About Corporate Governance Section 16(a) Beneficial Ownership Reporting Compliance

the Company or the related person has a direct or indirect material interest in the transaction. If so, then the General Counsel notifies the CEO and submits the facts of the transaction to the Governance Committee for its review. The Governance Committee may approve a transaction only if these review procedures have been followed, and the Governance Committee determines that the transaction is not detrimental to the Company and does not violate the Company *Conflict of Interest Policy*.

Related Person Transactions. Please see the table under the heading Transactions Considered in Analysis of Director Independence for a description of related person transactions during 2017.

Our Related Person Transaction procedures are available at www.internationalpaper.com under the Company tab at the top of the page followed by the Leadership link and then under the Governance link. A paper copy is available at no cost by written request to the Corporate Secretary.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and certain officers, as well as persons who own more than 10 percent of our common stock, to file with the SEC initial reports of beneficial ownership on Form 3, and reports of subsequent changes in beneficial ownership on Forms 4 or 5. Based solely on our review of these forms, and certifications from our executive officers and directors that no other reports were required for such persons, we believe that all directors and officers complied with the filing requirements applicable to them for the fiscal year ended December 31, 2017.

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Director Compensation Compensation Philosophy

Our compensation program for non-employee directors is guided by the following principles. We believe our director compensation program should:

Provide total compensation comprising both cash and equity that targets the median level of compensation paid by our Compensation Comparator Group (“CCG”) listed in the Compensation Discussion & Analysis section of this proxy statement;

Align the interests of our directors with the interests of our shareowners;

Attract and retain top director talent; and

Be flexible to meet the needs of a diverse group of directors.

Each element of director compensation discussed below is recommended by the Governance Committee and approved by our Board.

Stock Ownership Requirements

Our director stock ownership policy requires our directors to hold equity of the Company valued at two times the annual Board retainer, which, through April 30, 2018, is equivalent to 4.9 times the annual cash retainer (and requires ownership of Company stock equivalent to \$550,000). We believe this helps align the interests of our directors with the interests of our shareowners. New directors have four years from the date of their election to meet the ownership requirement. As of December 31, 2017, all directors who were required to meet the ownership levels held the requisite amount of equity.

Elements of Our Director Compensation Program

For the May 2017 – April 2018 service year, compensation for our non-employee directors consists of:

An annual retainer fee that is a mix of cash and equity;

Committee chair fees, a Presiding Director fee, and an Audit and Finance Committee member fee, as applicable; and

Life insurance, business travel accident insurance, and liability insurance.

We evaluate the reasonableness and appropriateness of the total compensation paid to our directors in comparison to peer companies who comprise our CCG. We target our director compensation at the median of our CCG.

Annual Compensation

The annual retainer fees for the May 2017 – April 2018 service year are shown in the table below. A director’s annual compensation is \$275,000, approximately 41 percent of which is payable in cash and 59 percent of which is payable in equity. A director may elect to convert all or 50 percent of his or her cash retainer fee into shares of restricted stock. In order to encourage director stock ownership, a director who makes this election receives a 20 percent premium in additional shares of restricted stock. Ten of the 14 non-employee directors who served during 2017 elected to receive stock in lieu of all or 50 percent of the cash retainer fee and received the applicable premium. Restrictions on shares awarded to our directors under our current compensation plan lapse one year from the date of grant, and then the shares are freely transferable, subject to our director stock ownership requirement and securities regulations.

Directors may also elect to defer receipt of their equity retainer fee. Directors who make this election receive restricted stock units (“RSUs”) in lieu of restricted stock. RSUs are not transferable until a director’s retirement from the Board, death or disability. The cash value of RSUs is paid in January following retirement, death or disability. Eight of the 14 non-employee directors who served during 2017 elected to defer payment of all or a portion of their equity compensation until retirement, death or disability. Elections with regard to form of payment and deferrals are made in December preceding each service year.

We use the closing market price of the Company’s common stock on the day preceding our annual meeting in May to award the equivalent number of shares for the \$163,000 equity retainer and restricted stock elected by our directors

Table of Contents*Director Compensation Directors' Charitable Award Program*

in lieu of their cash retainer fee. RSUs are settled in cash based on the closing price of the Company's common stock as of December 31 of the year of the director's retirement.

Directors earn dividends on their shares of stock and RSUs, which they may elect to receive either as cash or in the form of additional shares of restricted stock or RSUs. Dividends are paid to the director at the time the underlying award is vested or settled.

In addition, each committee chair receives a fee for his or her service in such role. For 2017, Messrs. Bronczek, Mobley, Walter and Whisler each received a committee chair fee. Members of our Audit and Finance Committee also receive an additional fee for their services on this committee. For 2017, Messrs. Connor, Dorduncu, Townsend and Young, Meses. Gordon and Hinman, and Admiral Johnson each received an Audit and Finance Committee member fee. As Presiding Director through the end of 2017, Mr. Whisler also received a Presiding Director fee for 2017.

Type of Fee	2017-2018 Fee Amount (\$)
Board Fees	
Cash Retainer	112,000
Equity Retainer	163,000
Committee Fees	
Audit and Finance Committee Chair	25,000
Audit and Finance Committee Member	10,000
Management Development and Compensation Committee Chair	20,000
Governance Committee Chair	20,000
Public Policy and Environment Chair	20,000
Presiding Director Fee	27,500
Directors' Charitable Award Program	

Directors who joined our Board on or before July 1, 2007, are eligible to participate in our charitable award program. Under this program, the Company will make a charitable donation in the aggregate amount of \$1 million in the director's name in 10 equal, annual installments following the director's death to the eligible colleges or universities selected by the director. This program was closed to new participants effective July 1, 2007.

Insurance and Indemnification Contracts

We provide life insurance in the amount of \$10,500 to each of our non-employee directors, and travel accident insurance in the amount of \$500,000 that covers a director if he or she dies or suffers certain injuries while traveling on Company business.

We provide liability insurance for our directors, officers and certain other employees at an annual cost of approximately \$3 million. The primary underwriters of coverage, which was renewed in 2017 and extends to July 1, 2018, are XL Specialty Insurance Company and ACE American Insurance Company.

Our By-Laws provide for standard indemnification of our directors and officers in accordance with New York law. We also have contractual arrangements with our directors that indemnify them in certain circumstances for costs and liabilities incurred in actions brought against them while acting as our directors.

Table of Contents[Director Compensation Our Analysis](#)**Our Analysis**

We believe our director compensation program appropriately compensates our directors for their time and commitment to the Company and is consistent with our compensation philosophy as shown in the following table.

[Our Director Pay Principles](#)[Our 2017 Director Pay Policies and Practices](#)

Target compensation at median of CCG	Maintained mix of cash and equity in line with cross-section of similar companies (CCG)
Align the interests of our directors with the interests of our shareowners	Paid 59 percent of compensation in the form of equity to ensure that directors, like shareowners, have a personal stake in the Company's financial performance
Attract and retain top director talent	Compensated directors competitively, based on a cross-section of similar companies (CCG)
Maintain flexibility to meet the needs of a diverse group of directors	Continued to allow directors to choose between cash and equity and to elect to defer their fees until retirement

Non-Employee Director Compensation Table

The following table provides information on 2017 compensation for non-employee directors. This table shows fiscal year 2017 compensation based on the SEC's compensation disclosure requirements, though we pay our directors on a May to April service year. The amounts in the table below show differences among directors because (i) each director makes an individual election to receive his or her fees in cash and/or equity; (ii) certain directors receive committee chair fees, a Presiding Director fee, and/or member fees; and (iii) directors may join our Board on different dates, so their compensation is prorated for the year.

Name of Director	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Total (\$)
David J. Bronczek	64,667	240,213	304,880
William J. Burns	—	297,394	297,394
Christopher M. Connor	—	179,291	179,291
Ahmet C. Dorduncu	120,258	162,992	283,250
Ilene S. Gordon	—	297,394	297,394
Jacqueline C. Hinman	10,167	120,133	130,300
Jay L. Johnson	—	307,387	307,387
Clinton A. Lewis, Jr.	—	148,724	148,724
Stacey J. Mobley (retired 12/31/2017)	131,530	108,644	240,174
Kathryn D. Sullivan	46,000	230,220	276,220
John L. Townsend, III	119,333	162,992	282,325
William G. Walter (retired 12/31/2017)	134,530	108,644	243,174
J. Steven Whisler	—	344,902	344,902
Ray G. Young	—	307,387	307,387

⁽¹⁾ As described above, certain directors elected to receive shares of restricted stock in lieu of cash and therefore had no cash compensation during 2017.

The value of stock awards shown in the "Stock Awards" column is based on grant date fair value calculated under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. The grant date fair value of the equity awards shown in the "Stock Awards" column is based on the closing price of the Company's common stock on the last business day immediately preceding the date of grant. Directors ⁽²⁾ who elect to defer their equity retainer fee receive RSUs rather than restricted stock. Restrictions on shares awarded to our directors under our current compensation plan lapse one year from the date of grant, and then the shares are freely transferable, subject to our director stock ownership requirement and securities regulations. RSUs are not transferable until a director's retirement from the Board, death or disability. The cash value of RSUs is paid in January following retirement, death or disability.

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Director Compensation Non-Employee Director Compensation Table

The following table shows the aggregate number of unvested shares of restricted stock and RSUs outstanding as of December 31, 2017, for each non-employee director.

Name of Director	Aggregate Number of Shares Outstanding That Have Not Vested and RSUs (#)
David J. Bronczek	9,745
William J. Burns	19,946
Christopher M. Connor	3,384
Ahmet C. Dorduncu	3,050
Ilene S. Gordon	5,565
Jacqueline C. Hinman	2,248
Jay L. Johnson	29,290
Clinton A. Lewis, Jr.	2,807
Kathryn D. Sullivan	4,308
John L. Townsend, III	3,050
J. Steven Whisler	107,434
Ray G. Young	22,747
Total	213,574

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Compensation Discussion & Analysis (“CD&A”)

Introduction

This CD&A describes our compensation program that applies to all of our executive officers, including our CEO and Senior Vice Presidents, whom we refer to as our Senior Leadership Team (“SLT”). It is designed to provide shareowners with an understanding of our compensation philosophy, core design principles, and decision-making process. This narrative further explains how our Management Development and Compensation Committee (“MDCC”) oversees and designs the program and reviewed the 2017 compensation of our Named Executive Officers (“NEOs”) as shown below:

Mark S. Sutton	CEO & Chairman of the Board (Principal Executive Officer)
Glenn R. Landau	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
Carol L. Roberts	<i>Former Senior Vice President and CFO (Principal Financial Officer until February 22, 2017)</i>
Timothy S. Nicholls	Senior Vice President – Industrial Packaging the Americas
Sharon R. Ryan	Senior Vice President, General Counsel and Corporate Secretary
Gregory T. Wanta	Senior Vice President – North American Container
Thomas G. Kadien	<i>Former Senior Vice President (until June 30, 2017)</i>
William P. Hoel	<i>Former Senior Vice President (until March 31, 2017)</i>

Mr. Landau was appointed Senior Vice President and Chief Financial Officer of the Company, effective upon the filing of our 2016 Annual Report on Form 10-K on February 22, 2017. He served as Senior Vice President – Finance from January 1, 2017 until his appointment. Ms. Roberts retired from the Company effective March 31, 2017, and served as the Company’s CFO and Principal Financial Officer until Mr. Landau’s appointment. Messrs. Kadien and Hoel left the Company effective June 30, 2017, and March 31, 2017, respectively.

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Compensation Discussion & Analysis (“CD&A”) *Executive Summary*

On behalf of the Board of Directors, the Management Development and Compensation Committee of the Board of Directors, referred to as the MDCC, oversees the Company’s compensation programs. In fulfilling its oversight responsibilities, the MDCC has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with the Company’s management.

Based on the review and discussions referred to above, the MDCC recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and its proxy statement on Schedule 14A filed in connection with the Company’s 2018 Annual Meeting of Shareowners.

Management Development and Compensation Committee

J. Steven Whisler, Chairman	David J. Bronczek	Christopher M. Connor
Ilene S. Gordon	John L. Townsend, III	Ray G. Young

Executive Summary

2017 Financial Highlights

International Paper delivered another year of strong performance in 2017:

We earned adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”) of **\$3.7 billion** (as reported, excluding North American Consumer Packaging business), **an increase of 16 percent** from the prior year.*

In a transaction valued at \$1.8 billion, we combined our North American Consumer Packaging business with Graphic Packaging **to create a leading integrated paper-based packaging company** and took a significant ownership stake in the combined business.

We increased our dividend in 2017, **our sixth-consecutive year of dividend increases.**

We continue to strengthen our balance sheet, through debt repayment and pension risk mitigation, and make strategic investments in long-term projects as part of our global strategy to **position the Company for future profitable growth.**

As a reflection of our success and potential, **our TSR was 13% in 2017, 21% over the last three years, and 75% over the last five years.**

* See *Appendix A* for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

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Compensation Discussion & Analysis (“CD&A”) *Executive Summary*

2017 Executive Compensation Highlights

The following section briefly highlights the MDCC’s key compensation decisions for 2017 as well as our performance achievement attained in our incentive compensation plans. These decisions were made with the support of the MDCC’s independent consultant, Frederic W. Cook & Co. (see section titled “Role of Compensation Consultant”), and this information is discussed in greater detail elsewhere in this CD&A.

Key Highlights for 2017

We have exceptionally **strong pay-for-performance correlation** (see Section 2).

We have **robust compensation governance** (see Section 6).

Our **LTI Plan is based solely on Company Performance** achievement for ALL participants – *no individual performance modifiers are applied.*

For 2017, **all NEOs received the same performance achievement in our STI plan** – *based solely on Company performance* – at 103.7% of their targeted award.

During 2017, as an example of continued commitment in linking pay and performance, we **conducted a thorough review of both our short- and long-term incentive plans** and, accordingly, we made design changes to both plans for 2018. The guidelines for our re-design were:

- _Alignment with business strategy;
- _Focus on a few critical metrics that create long-term value; and
- _Maintain simplicity in design.

Our review process and the resulting changes made to our 2018 plan design are explained in detail on page 49.

**2017 Short-Term Incentive Plan
MANAGEMENT INCENTIVE PLAN (MIP)**

*

**2017 Long-Term Incentive Plan
PERFORMANCE SHARE PLAN (PSP)**

See page 56 for definition

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Compensation Discussion & Analysis ("CD&A") *Executive Summary*
 2017 Total Target Compensation Mix

CEO**Other NEOs**

(excluding departed NEOs: Ms. Roberts, Mr. Kadien, and Mr. Hoel)

2017 Base Salary Changes

None of our NEOs, other than our CEO, received an increase in base salary in 2017. However, Mr. Landau's 2017 base salary reflects a promotional increase effective January 1, 2017. Our CEO, Mr. Sutton, was positioned conservatively relative to the market data in light of his promotion to CEO in late 2014 and did not receive an increase in base salary for 2016. The Committee elected to increase Mr. Sutton's base salary by 12.5%, effective March 1, 2017, recognizing his strong performance and to bring his base salary into closer alignment with—but still somewhat below—the market median.

2017 STI Performance Achievement

	Description	Weight	Target	Actual	Target Award Earned	Weighted Target Award Earned
Absolute Adjusted EBITDA	To achieve EBITDA of \$ 3.9B	70%	\$3.9B	\$3.935B	104.4%	73.1%
Absolute Adjusted ROIC	To achieve ROIC of 10.0%	30%	10.0%	10.06%	101.9%	30.6%
Overall Corporate Weighting:		100.0%				103.7%

2015-2017 LTI Performance Achievement

Performance Metric	Achievement Rank Against Peers	%Target Award Earned	Non-Officers		Officers	
			Metric Weight	Weighted Target Award Earned	Metric Weight	Weighted Target Award Earned
Relative Adjusted ROIC	3 of 11	145%	75.0%	108.8%	50.0%	72.5%
Relative TSR	13 of 15	0%	25.0%	0%	50.0%	0%
2015 LTI Grant Performance Achievement				108.8%		72.5%

Other NEO Compensation Decisions**Thomas G. Kadien**

Mr. Kadien, former Senior Vice President – Human Resources, Government Relations & Global Citizenship, left the Company, effective June 30, 2017. The Committee approved a supplemental payment to Mr. Kadien, in addition to the standard payment under the Company's Salaried Employee Severance Plan, to reflect his commitment to the Company. The aggregate amount of these two payments was \$2,380,000, which is within the limits set forth in the Board's 2005 Policy on Severance Agreements with Senior Officers.

In February 2017, the MDCC approved the acceleration of vesting of 22,265 restricted shares of Company stock held by Mr. Kadien that were originally scheduled to vest on August 1, 2018, in recognition of his long and dedicated service to the Company and his pending departure.

William P. Hoel

Mr. Hoel, former Senior Vice President – Container The Americas, left the Company, effective March 31, 2017. The Committee approved a supplemental payment to Mr. Hoel, in addition to the standard payment under the Company's Salaried Employee

Severance Plan, to reflect his years of service and commitment to the Company. The aggregate amount of these two payments was \$2,220,000, which is within the limits set forth in the Board's 2005 Policy on Severance Agreements with Senior Officers.

Table of ContentsCompensation Discussion & Analysis ("CD&A") *Executive Summary***Changes for 2018 Plan Design**

As an example of the Company's continued commitment in linking pay and performance, a significant portion of 2017 was spent conducting a thorough review of both our short- and long-term incentive plans. The Company formed an internal, cross-functional team including Finance and Human Resources which tested 19 different metrics against four key principles. The metrics and award scales were further back tested against five years of historical Company performance. Both management's consultant and the Committee's consultant met with the team and continually provided counsel and support. As a result of this comprehensive review, the plan design for 2018 was moderately revised for both the global incentive plans - *the MIP (our STI Plan) and the PSP (our LTI Plan)*.

Our review was based on the following guidelines for re-design:

Leverage awards to ensure actual pay fluctuates appropriately based on performance

Create a balanced program that avoids unintended consequences

Offer a good "line-of-sight" for participants; employees can influence results

Employ performance metrics most valued by shareholders

Avoid change simply for the sake of change; keep what works

Design should be informed by broader market practice ("Best Practice"), with deviations where appropriate for IP ("Best Fit")

Plans should be easy to understand and communicate to participants

2018 STI - Management Incentive Plan

In the STI plan, EBITDA will continue to be used as it is the strongest driver of Free Cash Flow generation and value growth. EBITDA was also a good fit because it is important to shareholders, focuses on the top line and bottom line performance, and provides consistency in the plan from year to year. The Committee eliminated ROIC from our short-term plan as it seemed more appropriate in the long-term plan. ROIC was replaced with two financial metrics: Revenue and Cash Conversion. Revenue was added because it is a key earnings growth driver and has a commercial focus. To drive capital efficiency and align with shareholders' interest, Cash Conversion was added. Cash conversion is a relatively new metric that will help us measure capital efficiency in generating EBITDA. The formula is: $(EBITDA - \text{Non-Strategic Capital Spending} \pm \text{change in Working Capital}) \div EBITDA$.

Payout Scale

Threshold (50% Payout)

Target (100% Payout)

Maximum (200% Payout)

2018 LTI - Performance Share Plan

In the LTI plan, the rationale for the design composition is to maximize shareholder returns through value creation and disciplined investments. Accordingly, relative TSR remains a key metric as it is the ultimate measure of return on investment for shareholders. The Committee implemented a new TSR award scale, moving from an absolute position ranking to a percentile ranking. Additionally, a new TSR peer group was constructed. As part of our due diligence in developing our new TSR peer group, we evaluated several market indices and numerous individual companies. Our evaluation focused on Buy/Sell side analyst feedback, market analysis, stock price correlation, and historical volatility. After consideration, we determined the companies comprising our new TSR peer group would be the most appropriate.

Same Metric Weightings for ALL Participants**Payout Scale**

Threshold (50% Payout)

Target (100% Payout)

Maximum (200% Payout)

Relative Rank Payout Scale

Below 25th percentile (0% Payout)

25th percentile (25% Payout)

50th percentile (100% Payout)

At or above 75th percentile (200% Payout)

* See page 56 for definition

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Compensation Discussion & Analysis (“CD&A”) *Executive Summary*

Responsiveness to Shareowners — Say-on-Pay Consideration

In May 2017, our shareowners again approved our “Say-on-Pay” proposal with support from more than 95 percent of votes cast.

The MDCC interpreted this consistently strong level of support as continued affirmation of the current design and direction of our executive compensation program. While the program was approved by nearly all shares voted in each of the past five years, the MDCC and management remain firmly committed to continuing to strengthen our pay-for-performance correlation, as well as the overall architecture of our executive compensation program.

2016 “Say on Pay” Support

The MDCC and management will continue to use the annual “Say-on-Pay” vote as a guidepost for shareowner sentiment and will continue to engage with our shareowners and respond to their feedback. As an example, we met with several key shareowners to discuss the re-design of our 2018 STI and LTI plans.

Compensation Governance

Reduced Change-in-Control Benefits. Change-in-control severance benefits reduced from three to two times target cash compensation for future non-CEO executive officers beginning in 2012.

Double Trigger in the Event of a Change in Control. Effective 2013, equity incentive awards have a double trigger assuming replacement awards are provided; that is, they will not vest in the event of a change in control unless also accompanied by a qualifying termination of employment.

Robust Equity Ownership and Retention Requirements. All officers are required to own IP shares equal to a multiple of their base salary and to retain 50% of equity payouts until the ownership requirement is met.

Clawback of Incentive Compensation if Restatement. Incentive compensation awards are subject to clawback in specified circumstances.

Limit on Severance for Executive Officers. Aggregate severance payments to an executive officer may not exceed two times the officer’s base salary plus target cash bonus in the absence of a change in control or shareowner preapproval.

Non-Competition and Non-Solicitation Agreements. We require our leaders to enter into Non-Competition Agreements and Non-Solicitation Agreements, the violation of which may result in clawback or forfeiture of incentive compensation awards.

Personal Use of Company Aircraft by CEO is Subject to Cap. While our CEO is authorized to use the Company aircraft for personal travel, he is required to reimburse the Company for the incremental cost of such use above \$75,000.

No Employment Agreements for Executive Officers. Our executive officers are at-will employees with no employment contracts.

No Guaranteed Annual Salary Increases or Bonuses. For the named executives, annual salary increases are based on evaluations of individual performance and market competitiveness, while their annual cash incentives are tied to corporate and individual performance.

No Tax Gross Ups. No tax gross ups are provided.

No Repricing or Exchange of Underwater Stock Options. Our equity incentive plan does not permit repricing or exchange of underwater stock options or stock appreciation rights without shareowner approval.

No Plans that Encourage Excessive Risk-Taking. Based on the annual review, it was determined that the Company’s compensation practices are appropriately structured and avoid incenting employees to engage in unnecessary and excessive risk-taking.

No Hedging or Pledging of International Paper Securities. Officers, directors, and employees are strictly prohibited from hedging IP securities. Directors, executive officers and other senior executives are strictly prohibited from pledging IP securities as collateral or holding securities in a margin account.

No Inclusion of Equity Awards in Pension Calculations.

No Excessive Benefits. We offer only limited executive benefits as required to remain competitive and to attract and retain highly talented executives.

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Compensation Discussion & Analysis (“CD&A”) *How We Design Our Executive Compensation Program to Pay for Performance*

How We Design Our Executive Compensation Program to Pay for Performance

Executive Compensation Philosophy

Our executive compensation program continues to be designed to attract, retain and motivate our SLT to deliver Company performance that builds long-term shareowner value. To achieve our objectives, our program is designed around two guiding principles:

We reward achievement of specific goals that improve our financial performance and drive strategic initiatives to ensure sustainable long-term profitability.

We believe a significant portion of an executive’s compensation should be specifically tied to performance—both Company performance and individual performance.

Pay for Performance – CCG Analysis

The MDCC reviews our CEO’s pay in relation to the Company’s performance to ensure alignment. We conduct this review against our Compensation Comparator Group (“CCG”) because it is the same group against which we benchmark our program design and targeted pay amounts.

Historical CEO Pay-for-Performance Alignment

The following table demonstrates the close correlation between our CEO’s realizable pay and the Company’s performance over the past five three-year performance periods as compared to our CCG.

Three-Year Performance Period	Our CEO’s Realizable Pay Rank (percentile of CCG)	Our Company’s TSR Rank (percentile of CCG)
2014 - 2016	40th	50th
2013 - 2015	20th	20th
2012 - 2014	65th	60th
2011 - 2013	50th	80th
2010 - 2012	85th	80th

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Compensation Discussion & Analysis (“CD&A”) *How We Design Our Executive Compensation Program to Pay for Performance*
Current CEO Pay-for-Performance Alignment

Each point on the graph below represents a CCG CEO’s three-year *realizable* compensation (the cash compensation actually paid plus the economic value of equity-based grants) relative to his or her Company’s three-year performance in TSR over the period 2014-2016.

Compared to our CCG, our CEO earned compensation at the 40th percentile while the Company delivered TSR at the 50th percentile of our peer group. *The MDCC continues to believe this graph clearly illustrates a strong pay-for-performance correlation, especially when compared year over year* (as shown in the table on the previous page).

CEO Realizable Pay vs. TSR Performance (2014-2016).

This graph is based on the 2017 proxy filings of our CCG.

Total Shareholder Return reflects share price appreciation, adjusted for dividends and stock splits.